



NATURALLY PROGRESSIVE

**2011/14 TO 2015/16
MEDIUM TERM REVENUE AND EXPENDITURE
FORECAST**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Executive Mayor's Report

1.2 Council Resolutions

Onthe Council of Polokwane Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Polokwane Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 on page 21;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16 on page 23;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17 on page 24; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 26.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 19 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 20 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 31;
 - 1.2.4. Asset management as contained in Table 22 on page 32; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 34.
2. The Council of Polokwane Municipality , acting in terms of section 75A of the Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure A
 - 2.3. the tariffs for the supply of water – as set out in Annexure A
 - 2.4. the tariffs for sanitation services – as set out in Annexure A
 - 2.5. the tariffs for solid waste services – as set out in Annexure A

3. The Council of Polokwane Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure A.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 was used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Water Board and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there is a need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

R thousand	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	1,934,523	2,123,495	2,008,353	2,196,439
Total Operating Expenditure	1,773,669	2,123,432	1,999,651	2,122,985
Surplus/(Deficit)	160,855	63	8,702	73,454
Capital expenditure	533,804	287,188	306,872	347,146

Total operating revenue has grown by 9.77 per cent or R188, 9 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will decrease and increase by 5.44 and 9.37 per cent respectively, equating to a total revenue growth of R261.9 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R2,12 billion and translates into a budgeted surplus of R63 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 19.72 per cent in the 2013/14 budget and by -5.83 and 6.17 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years decreases to R8.7 million and then stabilise at R73.4 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R287.18 million for 2013/14 is 46.20 per cent less when compared to the 2012/13 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances.

1.4 Operating Revenue Framework

For Polokwane Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address

these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	369,140	415,805	556,892	609,206	650,206	650,206	678,241	745,979	820,483
Service charges - water revenue	116,277	123,973	165,503	230,544	248,544	248,544	255,616	273,661	292,435
Service charges - sanitation revenue	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
Service charges - refuse revenue	38,556	42,523	46,795	44,589	50,589	50,589	55,697	59,639	63,740
Service charges - other	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	5,655	3,620	5,102	17,071	17,071	10,442	18,010	18,896	19,822
Interest earned - external investments	32,236	3,000	24,554	8,677	8,677	8,677	12,500	12,500	12,500
Interest earned - outstanding debtors	17,101	19,066	17,678	25,000	25,000	25,000	18,000	18,000	18,000
Dividends received	–	–	–	–	–	–	–	–	–
Fines	2,831	4,774	4,497	5,689	5,689	5,656	6,003	6,310	6,621
Licences and permits	8,034	8,385	8,234	7,961	7,961	7,961	8,399	8,827	9,259
Agency services	9,769	12,000	13,827	14,000	14,000	14,000	14,770	15,523	16,284
Transfers recognised - operational	270,961	357,269	374,703	507,054	493,795	495,295	687,835	461,965	531,427
Other revenue	40,550	30,918	68,781	89,569	92,569	71,181	41,031	42,962	44,917
Gains on disposal of PPE	2,493	20	246	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1,121,520	1,274,935	1,555,548	1,871,782	1,934,523	1,906,015	2,123,495	2,008,353	2,196,439

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year		2013/14 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source								
Property rates	253,982	13%	267,951	13%	281,617	14%	295,416	13%
Property rates - penalties & collection charges	–		–		–		–	
Service charges - electricity revenue	650,206	34%	678,241	32%	745,979	37%	820,483	37%
Service charges - water revenue	248,544	13%	255,616	12%	273,661	14%	292,435	13%
Service charges - sanitation revenue	66,239	3%	59,243	3%	62,264	3%	65,315	3%
Service charges - refuse revenue	50,589	3%	55,697	3%	59,639	3%	63,740	3%
Service charges - other	–	0%	–	0%	–	0%	–	0%
Rental of facilities and equipment	17,071	1%	18,010	1%	18,896	1%	19,822	1%
Interest earned - external investments	8,677	0%	12,500	1%	12,500	1%	12,500	1%
Interest earned - outstanding debtors	25,000	1%	18,000	1%	18,000	1%	18,000	1%
Dividends received	–	0%	–	0%	–	0%	–	0%
Fines	5,689	0%	6,003	0%	6,310	0%	6,621	0%
Licences and permits	7,961	0%	8,399	0%	8,827	0%	9,259	0%
Agency services	14,000	1%	14,770	1%	15,523	1%	16,284	1%
Transfers recognised - operational	493,795	26%	687,835	32%	461,965	23%	531,427	24%
Other revenue	92,569	5%	41,031	2%	42,962	2%	44,917	2%
Gains on disposal of PPE	200	0%	200	0%	210	0%	220	0%
Total Revenue (excluding capital transfers and contributions)	1,934,523	100%	2,123,495	100%	2,008,353	100%	2,196,439	100%
	67%		63%		72%		71%	
Total revenue from rates and service charges	1,286,632		1,334,758		1,442,055		1,557,211	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R1286 billion or 67 per cent. This increases to R1.335 billion, R1.442 billion and R1.557 billion in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 67 per cent in 2012/13 to 71 per cent in 2015/16. This growth can be mainly attributed to the increased share that the sale of water contributes to the total revenue mix and bulk service contributions, which in turn is due to rapid increases in the tariffs as a result of benchmarking process. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1

Property rates is the second largest revenue source totalling 13 per cent or R268 million rand and increases to R295 million by 2015/16. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees,

agency fees and fines. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R688 million in the 2013/14 financial year and steadily decreases to R531 million by 2015/16. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	323,394	390,308	367,856	396,805	485,231	485,231	682,085	461,965	531,427
Equitable share	246,638	307,859	350,705	388,232	388,232	388,232	415,990	454,995	518,016
Finance Management	750	1,000	1,250	1,500	1,500	1,500	1,650	1,800	1,950
Department of Water Affairs	20,806	19,132	13,111	3,273	3,273	3,273	10,000		6,000
Municipal Systems Improvement	400	750	790	800	800	800	890	930	967
Public Transport		36,567			82,980	82,980	245,741		
Department Sport & Recreation			2,000						
2010 FIFA Host City Operating Grant	54,800								
Infrastructure skills development fund				3,000	3,000	3,000	3,200	4,240	4,494
Expanded public works programme incentive grant					5,446	5,446	4,614		
FIFA Local Organizing Committee		25,000							
Provincial Government:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	15,000	6,100	6,100	6,100	5,750	-	-
<i>National Lottery</i>			15,000	6,100	6,100	6,100	5,750		
Total Operating Transfers and Grants	323,394	390,308	382,856	402,905	491,331	491,331	687,835	461,965	531,427

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom tariff is beyond the mentioned inflation target. Given that this tariff increase is determined by external agency, the impact it has on the municipality's electricity is largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains

or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further reduction on the market value of a property will be granted in terms of the City's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners rebate of 40 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 5.5 per cent increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates to levy for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties	.004760	.005022
State owned properties	.008200	.008651
Business & Commercial	.008200	.008651
Agricultural	.003275	.003455
Vacant land	.022791	.024044
Municipal rateable	Exempted	Exempted
Industrial	.008200	.008651
Non-permitted use		
Public benefit organisation properties	.008200	.008651

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Lepelle Water has increased its bulk tariffs with 5.5 per cent from 1 July 2013.

A tariff increase of 5.5 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 5.5 per cent increase in the cost of bulk water (Lepelle Water). In addition 6 kℓ water per 30-day period will again be granted free of charge to indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
For the first 5Kl; per Kl:	R4.84	R5.11
For the following 10Kl; per Kl:	R7.32	R7.72
For the following 15Kl; per Kl:	R7.91	R8.35
For the following 20Kl; per Kl:	R10.44	R11.01
For the following 50Kl; per Kl:	R12.63	R13.32
Thereafter, for consumption in excess of 100Kl, per Kl:	R15.28	R16.12
NON-RESIDENTIAL		
For the first 30Kl; per Kl:	R10.44	R11.01
For the following 20Kl; per Kl:	R14.04	R14.81
For the following 50Kl; per Kl:	R15.99	R16.87
For the following 19 900Kl; per Kl:	R17.40	R18.36
Thereafter for consumption in excess of 20 000Kl, per Kl	R13.33	R14.06

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8.00 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 8.00 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
1000	1 014.95	1 096.15	81.20	8.00
500	497.45	537.25	39.80	8.00
350	342.20	369.58	27.38	8.00

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund the necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.5 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the surface area of the erf as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R59 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2012/13	PROPOSED TARIFF 2013/14
	TARIFF	TARIFF
	R	R
(i) For the first 500m ² or part thereof, of surface area of the erf:	R 31.20	R 32.92
(ii) Thereafter, per 500m ² or part thereof, up to 2 000m ² of the surface area of the erf:	R 10.35	R 10.92
(iii) Thereafter, per 1 000m ² or part thereof, of the surface area of the erf:	R 8.25	R 8.70
(iv) Additional charge per unimproved erf:	R 11.93	R 12.59
(v) Maximum charge (887 000m ²):	R7 363.50	R7 765.18
(i) For the first 500m ² or part thereof, of surface area of the erf:	R 31.20	R 32.92
(ii) Thereafter, per 500m ² or part thereof, up to 2 000m ² of the surface area of the erf:	R 10.35	R 10.92

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 5.5 per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in water

The following table compares current and proposed amounts payable from 1 July 2013:

Table 9 Comparison between current waste removal fees and increases

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS
	2012/13	2013/14
(a) On an erf with a surface area not exceeding 500m ²		
	R 26.15	R 27.59
(b) All erven with a surface area in excess of 500m ² :		
(i) For the first 500m ² of the surface area of the erf		
	R 42.00	R 44.31
(ii) Thereafter, for the following 500m ² or part thereof, of the surface area of the erf		
	R 28.00	R 29.54
(iii) Thereafter, per 500m ² or part thereof, of the surface area of the erf		
	R 14.00	R 14.77
(iv) Maximum charge (11 000m ²)	R 210.00	R 221.55

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 7.00 and 7.3 per cent, with the increase for indigent households closer to 7.3 per cent.

Table 10 MBRR Table SA14 – Household bills

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent							% incr.			
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	310.95	329.60	349.38	370.34	370.34	370.34	5.5%	390.70	410.63	430.75
Electricity: Basic levy										
Electricity: Consumption	629.92	749.60	899.52	998.19	998.19	998.19	8.0%	1,078.05	1,164.29	1,257.43
Water: Basic levy										
Water: Consumption	161.08	170.74	183.55	216.59	216.59	216.59	5.5%	228.50	240.15	251.92
Sanitation	44.69	47.37	50.21	53.47	53.47	53.47	5.5%	56.41	59.29	62.20
Refuse removal	56.65	60.04	63.64	70.00	70.00	70.00	5.5%	73.85	77.62	81.42
Other										
sub-total	1,203.29	1,357.35	1,546.30	1,708.59	1,708.59	1,708.59	7.0%	1,827.51	1,951.98	2,083.72
VAT on Services	124.93	143.88	167.57	187.36	187.36	187.36		201.15	215.79	231.42
Total large household bill:	1,328.22	1,501.23	1,713.87	1,895.95	1,895.95	1,895.95	7.0%	2,028.66	2,167.77	2,315.14
% increase/-decrease		13.0%	14.2%	10.6%	-	-		7.0%	6.9%	6.8%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	70.67	74.91	79.40	84.16	84.16	84.16	5.5%	88.79	93.32	97.89
Electricity: Basic levy										
Electricity: Consumption	301.63	358.93	430.72	478.23	478.23	478.23	8.0%	516.49	557.81	602.43
Water: Basic levy										
Water: Consumption	131.53	139.42	149.88	176.86	176.86	176.86	5.5%	186.59	196.11	205.72
Sanitation	9.96	9.96	10.56	11.25	11.25	11.25	5.5%	11.87	12.48	13.09
Refuse removal	21.13	22.39	23.73	26.10	26.10	26.10	5.5%	27.54	28.94	30.36
Other										
sub-total	534.92	605.61	694.29	776.60	776.60	776.60	7.0%	831.28	888.66	949.49
VAT on Services	65.00	74.29	86.08	96.94	96.94	96.94		103.95	111.35	119.22
Total small household bill:	599.92	679.90	780.37	873.54	873.54	873.54	7.1%	935.23	1,000.01	1,068.71
% increase/-decrease		13.3%	14.8%	11.9%	-	-		7.1%	6.9%	6.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	17.84	18.91	20.04	21.24	21.24	21.24	5.5%	22.41	23.55	24.70
Electricity: Basic levy										
Electricity: Consumption	282.26	335.88	403.06	447.52	447.52	447.52	8.0%	483.32	521.99	547.57
Water: Basic levy										
Water: Consumption	113.43	120.23	129.25	152.52	152.52	152.52	5.5%	160.91	169.12	177.41
Sanitation										
Refuse removal										
Other										
sub-total	413.53	475.02	552.35	621.28	621.28	621.28	7.3%	666.64	714.66	749.68
VAT on Services	55.39	63.85	74.52	84.00	84.00	84.00		90.19	96.76	101.50
Total small household bill:	468.92	538.87	626.87	705.28	705.28	705.28	7.3%	756.83	811.42	851.18
% increase/-decrease		14.9%	16.3%	12.5%	-	-		7.3%	7.2%	4.9%

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type									
Employee related costs	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
Remuneration of councillors	15,110	18,447	17,678	21,467	21,467	19,236	23,684	25,224	26,864
Debt impairment	(2,392)	6,700	38,192	40,000	40,000	40,000	40,000	50,000	55,000
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Finance charges	23,627	5,800	29,427	31,486	31,486	31,486	27,155	23,747	21,158
Bulk purchases	314,831	415,588	518,797	580,282	587,546	587,546	658,000	707,000	760,000
Other materials	86,782	90,904	96,881	84,348	89,254	89,177	89,254	93,806	98,403
Contracted services	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
Transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Other expenditure	237,597	159,380	225,906	210,886	232,926	206,562	478,841	245,754	257,748
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985

The budgeted allocation for employee related costs for the 2013/14 financial year totals R475 million, which equals 22 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.8 per cent for the 2013/14 financial year. An annual increase of 6.0 per cent has been included in the two outer years of the MTREF, as part of the City's cost reprioritization and cash management strategy.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent. For the 2013/14 financial year this amount equates to R40 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R233 million for the 2013/14 financial and equates to 11 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1 per cent (R27.1 million) of operating expenditure excluding annual redemption for 2013/14.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 31 per cent (R658 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2013/14 the appropriation against this group of expenditure makes up 4 per cent (R89 million) of operating expenditure.

Contracted services have been identified as a cost saving area for the City. Budget appropriations in this regard total R93 million for the 2013/14 financial and equates to 4.4 per cent of the total operating expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Printing and stationary, subsistence and travelling, attending of conferences and workshops has significantly being reduced or limited to zero growth. Other expenditure make up 22.5 per cent (R478 million) of operating expenditure.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost

drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and Maintenance Expenditure By Type									
Other materials	86,782	90,904	96,881	84,348	89,254	89,177	89,254	93,806	98,403
Total Repairs and Maintenance Expenditure	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985

The total allocation for 2013/14 equates to R89 million. In relation to the total operating expenditure, repairs and maintenance comprises of 4 per cent.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	70,761	75,309	74,096	53,164	54,471	54,471	54,471	52,333	54,897
Infrastructure - Road transport	15,657	21,374	19,520	10,265	10,265	10,265	10,265	8,560	8,980
Roads, Pavements & Bridges	14,980	20,501	19,520	8,145	8,145	8,145	8,145	8,560	8,980
Storm water	677	873	-	2,120	2,120	2,120	2,120	-	-
Infrastructure - Electricity	21,123	22,367	17,315	16,698	18,005	18,005	18,005	16,295	17,094
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	18,704	20,037	17,315	14,198	15,505	15,505	15,505	16,295	17,094
Street Lighting	2,419	2,330	-	2,500	2,500	2,500	2,500	-	-
Infrastructure - Water	24,540	24,657	31,628	21,148	21,148	21,148	21,148	22,227	23,316
Dams & Reservoirs	5,356	6,261	31,628	18,148	18,148	18,148	18,148	22,227	23,316
Water purification	2,649	2,321	-	3,000	3,000	3,000	3,000	-	-
Reticulation	16,535	16,074	-	-	-	-	-	-	-
Infrastructure - Sanitation	4,817	3,918	5,633	4,996	4,996	4,996	4,996	5,250	5,508
Reticulation	3,466	2,898	5,633	3,574	3,574	3,574	3,574	5,250	5,508
Sewerage purification	1,351	1,019	-	1,422	1,422	1,422	1,422	-	-
Infrastructure - Other	4,624	2,994	-	58	58	58	58	-	-
Waste Management	4,624	2,994	-	58	58	58	58	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	16,021	19,992	22,785	31,183	34,783	34,783	34,783	41,474	43,506
Parks & gardens	1,947	3,619	-	3,574	3,574	3,574	3,574	-	-
Sportsfields & stadia	2,404	4,292	-	7,862	11,462	11,462	11,462	-	-
Swimming pools	252	186	-	222	222	222	222	-	-
Community halls	359	302	-	66	66	66	66	-	-
Libraries	420	492	-	113	113	113	113	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	1,423	1,153	-	1,504	1,504	1,504	1,504	-	-
Security and policing	1,752	2,192	-	640	640	640	640	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	1	1	1	1	-	-
Museums & Art Galleries	417	279	-	53	53	53	53	-	-
Cemeteries	134	128	-	30	30	30	30	-	-
Social rental housing	0	-	-	-	-	-	-	-	-
Other	6,912	7,351	22,785	17,119	17,119	17,119	17,119	41,474	43,506
Total Repairs and Maintenance Expenditure	86,782	95,301	96,881	84,348	89,254	89,254	89,254	93,806	98,403
R&M as a % of PPE	1.8%	1.9%	1.7%	1.3%	1.4%	1.4%	1.5%	1.6%	1.6%
R&M as % Operating Expenditure	7.7%	6.9%	6.0%	5.1%	5.0%	5.2%	4.2%	4.7%	4.6%

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 7 000 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement) In monetary terms indigent subsidy for the 2013/14 year amounts to R185 per month.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2013/14 Medium-term capital budget per vote

Vote Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
R thousand								
Capital expenditure - Vote								
Engineering Services	512,435	96%	253,338	88%	288,872	94%	332,146	96%
Community Services	2,206	0%	16,850	6%	–	0%	–	0%
Community Development	1,953	0%	17,000	6%	18,000	6%	15,000	4%
Corporate and Shared Services	6,717	1%	–	0%	–	0%	–	0%
Planning and Economic Development	10,443	2%	–	0%	–	0%	–	0%
Budget and Treasury	50	0%	–	0%	–	0%	–	0%
Total Capital Expenditure - Vote	533,804	100%	287,188	100%	306,872	100%	347,146	100%

For 2013/14 an amount of R287 million has been appropriated. In the outer years this amount totals R307 million, and R347 million respectively for each of the financial years. Engineering Services receives the highest allocation of R253 million in 2013/14 followed by Community Development R17 million.

Total new assets represent 78.75 per cent or R226 million of the total capital budget while asset renewal equates to 21.25 per cent or R61 million

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance									
Property rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
Service charges	558,294	626,383	808,502	947,579	1,015,579	1,013,621	1,048,797	1,141,542	1,241,973
Investment revenue	32,236	3,000	24,554	8,677	8,677	8,677	12,500	12,500	12,500
Transfers recognised - operational	270,961	357,269	374,703	507,054	493,795	495,295	687,835	461,965	531,427
Other own revenue	86,433	78,783	118,366	159,490	162,490	134,439	106,413	110,729	115,124
Total Revenue (excluding capital transfers and contributions)	1,121,520	1,274,935	1,555,548	1,871,782	1,934,523	1,906,015	2,123,495	2,008,353	2,196,439
Employee costs	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
Remuneration of councillors	15,110	18,447	17,678	21,467	21,467	19,236	23,684	25,224	26,864
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Finance charges	23,627	5,800	29,427	31,486	31,486	31,486	27,155	23,747	21,158
Materials and bulk purchases	401,613	506,492	615,678	664,630	676,800	676,723	747,254	800,806	858,403
Transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Other expenditure	274,888	222,383	338,361	329,738	366,354	329,594	612,269	393,947	415,752
Total Expenditure	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985
Surplus/(Deficit)	(11,926)	61,194	(67,912)	201,674	160,855	174,316	63	8,702	73,454
Transfers recognised - capital	397,367	231,114	242,942	283,921	383,857	379,586	287,188	306,872	347,146
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Capital expenditure & funds sources									
Capital expenditure	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146
Transfers recognised - capital	398,542	121,956	216,313	289,367	380,462	380,462	287,188	306,872	347,146
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	498,639	165,930	138,190	195,703	153,342	155,338	-	-	-
Total sources of capital funds	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146
Financial position									
Total current assets	338,701	509,205	705,162	592,280	592,280	605,280	665,589	682,710	687,811
Total non current assets	5,083,408	5,197,717	5,770,490	6,496,577	6,545,311	6,545,311	6,040,950	6,103,133	6,193,626
Total current liabilities	461,980	435,285	493,463	389,507	389,507	389,507	399,363	400,806	402,009
Total non current liabilities	196,648	415,888	476,340	478,206	478,206	478,206	438,602	419,742	399,961
Community wealth/Equity	4,763,481	4,855,748	5,505,849	6,221,143	6,269,877	6,282,877	5,868,574	5,965,295	6,079,467
Cash flows									
Net cash from (used) operating	360,141	312,840	355,908	672,592	859,873	859,873	287,188	306,872	347,146
Net cash from (used) investing	(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(273,188)	(274,872)	(315,146)
Net cash from (used) financing	(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
Cash/cash equivalents at the year end	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash backing/surplus reconciliation									
Cash and investments available	(36,650)	225,235	294,081	304,137	304,137	317,137	269,000	269,000	269,000
Application of cash and investments	142,013	116,865	103,805	95,139	94,593	90,196	(33,330)	(46,359)	(37,614)
Balance - surplus (shortfall)	(178,663)	108,369	190,276	208,998	209,544	226,941	302,330	315,359	306,614
Asset management									
Asset register summary (WDV)	5,067,369	5,181,102	5,753,605	6,184,094	6,389,495	6,265,424	6,689,532	6,996,404	7,343,550
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Renewal of Existing Assets	-	-	-	-	-	-	61,000	105,000	67,000
Repairs and Maintenance	86,782	95,301	96,881	84,348	89,254	89,254	89,254	93,806	98,403
Free services									
Cost of Free Basic Services provided	3,996	4,228	15,534	24,413	24,413	24,413	25,877	27,426	27,426
Revenue cost of free services provide	40,590	45,824	48,573	31,598	31,598	31,598	33,493	35,470	35,470
Households below minimum service level									
Water:	8	8	8	21	21	21	20	19	18
Sanitation/sewerage:	11	11	11	52	52	52	51	50	50
Energy:	80	80	80	36	36	36	36	36	36
Refuse:	82	82	82	65	65	65	65	65	65

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a deliberate decision to ensure adequate cash-backing for all material obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Performance (revenue and expenditure by standard classification)

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
Governance and administration	896,641	821,900	943,772	1,076,807	1,171,485	1,168,714	1,278,225	1,085,793	1,209,417
Executive and council	–	–	–	–	–	–	–	–	–
Budget and treasury office	227,758	232,282	323,967	284,296	289,296	289,296	300,166	313,919	327,807
Corporate services	668,883	589,618	619,805	792,511	882,189	879,417	978,059	771,874	881,611
Community and public safety	5,905	7,802	8,334	20,683	20,683	14,728	21,820	22,901	24,023
Community and social services	1,446	1,578	1,590	2,228	2,228	2,228	2,350	2,470	2,591
Sport and recreation	681	817	1,546	11,070	11,070	5,115	11,679	12,274	12,876
Public safety	3,680	5,372	5,169	7,348	7,348	7,348	7,752	8,148	8,547
Housing	97	35	30	37	37	37	39	9	9
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	55,587	48,752	34,192	108,965	108,965	86,902	60,048	63,065	66,111
Planning and development	43,602	38,929	24,792	78,199	78,199	77,253	27,590	28,951	30,325
Road transport	7,831	8,128	7,609	28,890	28,890	7,774	30,479	32,034	33,603
Environmental protection	4,155	1,695	1,790	1,876	1,876	1,876	1,979	2,080	2,182
Trading services	560,754	627,596	812,191	949,249	1,017,249	1,015,257	1,050,589	1,143,466	1,244,035
Electricity	369,183	415,882	559,547	609,339	650,339	650,339	678,381	746,133	820,653
Water	116,277	123,973	165,503	230,594	248,594	248,561	255,670	273,719	292,496
Waste water management	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
Waste management	40,973	43,659	47,830	46,076	52,076	52,076	57,296	61,351	65,570
Other	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	1,518,887	1,506,049	1,798,489	2,155,703	2,318,381	2,285,601	2,410,683	2,315,225	2,543,585
Expenditure - Standard									
Governance and administration	148,159	124,907	325,711	395,178	401,869	372,262	439,702	468,106	492,208
Executive and council	31,350	46,789	110,240	93,860	101,367	98,279	105,187	118,718	127,278
Budget and treasury office	61,366	21,777	83,630	88,928	99,293	96,499	100,391	101,226	103,054
Corporate services	55,443	56,342	131,841	212,391	201,209	177,485	234,125	248,162	261,876
Community and public safety	307,688	265,801	346,763	322,096	334,425	336,839	358,605	379,072	400,305
Community and social services	62,232	63,492	74,169	69,252	72,695	74,697	79,562	84,267	89,185
Sport and recreation	142,953	87,774	145,420	119,476	124,239	123,854	133,082	140,173	147,414
Public safety	89,016	98,958	114,856	117,841	126,652	126,497	132,434	140,249	148,417
Housing	6,675	8,669	6,947	9,913	5,474	6,322	7,537	8,014	8,521
Health	6,813	6,907	5,370	5,613	5,366	5,470	5,991	6,368	6,768
Economic and environmental services	98,244	115,150	147,957	121,250	178,941	173,191	371,147	132,612	140,100
Planning and development	32,290	40,669	37,379	42,427	40,744	40,581	47,008	49,856	52,848
Road transport	58,983	66,318	95,913	72,519	122,495	116,868	307,172	64,843	68,362
Environmental protection	6,971	8,163	14,665	6,304	15,702	15,741	16,967	17,913	18,890
Trading services	579,355	707,883	803,028	831,583	858,434	849,406	953,978	1,019,861	1,090,372
Electricity	323,803	408,872	482,245	535,406	547,240	546,750	588,677	633,672	681,839
Water	163,593	192,932	199,105	196,987	202,319	201,709	251,369	265,705	281,241
Waste water management	43,882	50,828	51,431	44,922	52,688	52,391	52,944	56,004	59,187
Waste management	48,077	55,252	70,247	54,269	56,187	48,557	60,989	64,480	68,105
Other	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985
Surplus/(Deficit) for the year	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote									
Vote 1 - Council	–	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	–	–	–	–
Vote 3 - Strategic Planning Monitoring and Evaluation	–	–	–	–	–	–	–	–	–
Vote 4 - Engineering Services	519,781	583,938	764,361	924,333	986,333	963,225	1,015,618	1,105,578	1,203,077
Vote 5 - Community Services	67,115	71,632	77,358	77,918	83,918	83,918	90,889	96,658	102,607
Vote 6 - Community Development	1,439	1,615	2,418	12,420	12,420	6,464	13,103	13,771	14,446
Vote 7 - Corporate and Shared Services	530	1,211	2,136	1,512	4,512	4,512	3,012	3,013	3,014
Vote 8 - Planning and Economic Development	33,934	26,988	10,604	64,249	64,249	63,303	12,872	13,449	14,063
Vote 9 - Budget and Treasury	896,086	820,665	941,612	1,075,271	1,166,949	1,164,178	1,275,189	1,082,756	1,206,380
Vote 10 - Transport Operations	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	1,518,887	1,506,049	1,798,489	2,155,703	2,318,381	2,285,601	2,410,683	2,315,225	2,543,585
Expenditure by Vote to be appropriated									
Vote 1 - Council	31,247	44,615	107,683	101,550	105,777	100,856	111,695	125,560	134,457
Vote 2 - Office of the Municipal Manager	977	2,748	25,916	21,385	25,125	25,089	25,943	27,450	29,019
Vote 3 - Strategic Planning Monitoring and Evaluation	10,299	12,268	12,032	16,468	13,497	12,806	17,077	18,122	19,223
Vote 4 - Engineering Services	595,434	721,916	828,833	846,095	898,903	897,623	949,755	1,015,245	1,085,312
Vote 5 - Community Services	180,197	204,809	250,752	227,615	247,001	241,363	267,251	282,992	299,437
Vote 6 - Community Development	185,462	139,654	197,549	174,960	184,702	183,908	196,163	206,894	217,919
Vote 7 - Corporate and Shared Services	38,401	28,335	82,664	151,365	136,614	115,808	164,660	174,691	184,240
Vote 8 - Planning and Economic Development	30,062	37,619	34,400	41,735	36,751	37,454	43,514	46,150	48,920
Vote 9 - Budget and Treasury	61,366	21,777	83,630	88,928	99,293	96,499	100,391	101,226	103,054
Vote 10 - Transport Operations	–	–	–	7	26,007	20,293	246,984	1,321	1,403
Total Expenditure by Vote	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985
Surplus/(Deficit) for the year	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	369,140	415,805	556,892	609,206	650,206	650,206	678,241	745,979	820,483
Service charges - water revenue	116,277	123,973	165,503	230,544	248,544	248,544	255,616	273,661	292,435
Service charges - sanitation revenue	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
Service charges - refuse revenue	38,556	42,523	46,795	44,589	50,589	50,589	55,697	59,639	63,740
Service charges - other	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	5,655	3,620	5,102	17,071	17,071	10,442	18,010	18,896	19,822
Interest earned - external investments	32,236	3,000	24,554	8,677	8,677	8,677	12,500	12,500	12,500
Interest earned - outstanding debtors	17,101	19,066	17,678	25,000	25,000	25,000	18,000	18,000	18,000
Dividends received	–	–	–	–	–	–	–	–	–
Fines	2,831	4,774	4,497	5,689	5,689	5,656	6,003	6,310	6,621
Licences and permits	8,034	8,385	8,234	7,961	7,961	7,961	8,399	8,827	9,259
Agency services	9,769	12,000	13,827	14,000	14,000	14,000	14,770	15,523	16,284
Transfers recognised - operational	270,961	357,269	374,703	507,054	493,795	495,295	687,835	461,965	531,427
Other revenue	40,550	30,918	68,781	89,569	92,569	71,181	41,031	42,962	44,917
Gains on disposal of PPE	2,493	20	246	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1,121,520	1,274,935	1,555,548	1,871,782	1,934,523	1,906,015	2,123,495	2,008,353	2,196,439
Expenditure By Type									
Employee related costs	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
Remuneration of councillors	15,110	18,447	17,678	21,467	21,467	19,236	23,684	25,224	26,864
Debt impairment	(2,392)	6,700	38,192	40,000	40,000	40,000	40,000	50,000	55,000
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Finance charges	23,627	5,800	29,427	31,486	31,486	31,486	27,155	23,747	21,158
Bulk purchases	314,831	415,588	518,797	580,282	587,546	587,546	658,000	707,000	760,000
Other materials	86,782	90,904	96,881	84,348	89,254	89,177	89,254	93,806	98,403
Contracted services	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
Transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Other expenditure	237,597	159,380	225,906	210,886	232,926	206,562	478,841	245,754	257,748
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985
Surplus/(Deficit)	(11,926)	61,194	(67,912)	201,674	160,855	174,316	63	8,702	73,454
Transfers recognised - capital	397,367	231,114	242,942	283,921	383,857	379,586	287,188	306,872	347,146
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Taxation	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Attributable to minorities	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R2.12 billion in **2013/14** and escalates to R2.19 billion by 2015/16. This represents a decrease of 5.42 per cent for the 2014/15 financial year and an increase of 9.37 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R268million in the 2013/14 financial year and increases to R295 million by 2015/16 which represents 13 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.5 per cent for the year 2013/14 and 5.1 and 4.9 per cent for each of the respective outer financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.048 billion for the 2013/14 financial year and increasing to R1.241 billion by 2015/16. For the 2013/14 financial year services charges amount to 49 per cent of the total revenue base.
4. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
6. Bulk purchases have significantly increased over the 2009/10 to 2015/16 period escalating from R315 million to R760 million (141 per cent). These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 6 - Community Development	–	–	–	–	–	–	16,000	18,000	15,000
Capital multi-year expenditure sub-total	–	–	–	–	–	–	16,000	18,000	15,000
Single-year expenditure to be appropriated									
Vote 4 - Engineering Services	429,921	223,560	299,101	368,917	512,435	514,431	253,338	288,872	332,146
Vote 5 - Community Services	9,346	20,004	1,006	–	2,206	2,206	16,850	–	–
Vote 6 - Community Development	399,583	15,963	6,888	1,000	1,953	1,953	1,000	–	–
Vote 7 - Corporate and Shared Services	36,077	13,357	19,957	5,500	6,717	6,717	–	–	–
Vote 8 - Planning and Economic Development	22,126	12,238	21,529	109,653	10,443	10,443	–	–	–
Vote 9 - Budget and Treasury	128	2,763	6,022	–	50	50	–	–	–
Capital single-year expenditure sub-total	897,181	287,886	354,503	485,070	533,804	535,800	271,188	288,872	332,146
Total Capital Expenditure - Vote	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146
Capital Expenditure - Standard									
Governance and administration	36,205	16,120	28,416	6,500	8,557	8,557	–	–	–
Executive and council	–	–	–	–	350	350	–	–	–
Budget and treasury office	128	2,763	6,022	–	50	50	–	–	–
Corporate services	36,077	13,357	22,394	6,500	8,157	8,157	–	–	–
Community and public safety	406,383	35,303	5,125	200	2,169	2,169	17,000	18,000	15,000
Community and social services	6,228	2,249	726	–	1,006	1,006	–	–	–
Sport and recreation	393,355	13,714	4,369	–	513	513	17,000	18,000	15,000
Public safety	5,781	19,340	–	–	600	600	–	–	–
Housing	990	–	29	200	50	50	–	–	–
Health	29	–	–	–	–	–	–	–	–
Economic and environmental services	198,027	85,092	135,615	250,303	190,056	190,056	53,000	96,000	61,000
Planning and development	21,136	12,238	21,516	109,453	10,393	10,393	–	–	–
Road transport	176,559	72,818	114,099	140,850	179,663	179,663	53,000	96,000	61,000
Environmental protection	331	35	–	–	–	–	–	–	–
Trading services	256,567	151,371	185,348	228,067	333,022	335,018	217,188	192,872	271,146
Electricity	21,387	51,788	58,652	40,000	59,256	61,252	45,000	40,000	60,000
Water	207,859	59,959	107,181	156,667	222,912	222,912	115,338	92,872	161,146
Waste water management	24,116	38,995	19,169	31,400	50,853	50,853	40,000	60,000	50,000
Waste management	3,205	629	346	–	–	–	16,850	–	–
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146
Funded by:									
National Government	396,283	121,956	216,313	282,960	374,055	374,055	287,188	306,872	347,146
Provincial Government	–	–	–	6,407	6,407	6,407	–	–	–
District Municipality	2,259	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	398,542	121,956	216,313	289,367	380,462	380,462	287,188	306,872	347,146
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	498,639	165,930	138,190	195,703	153,342	155,338	–	–	–
Total Capital Funding	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14, R16 million has been allocated of the total R287 million capital budget, which totals 6 per cent. This allocation escalates to R18 million in 2014/15 and then flattens out to R15 million in 2015/16 owing primarily to the fact that various projects reach completion in 2014/15 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R271 million for the 2013/14 financial year and escalates to R289 million and R332 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national grants.

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS									
Current assets									
Cash	–	5,241	11,274	5,000	5,000	18,000	10,000	10,000	10,000
Call investment deposits	59,000	219,993	282,808	299,137	299,137	299,137	259,000	259,000	259,000
Consumer debtors	153,650	193,502	263,453	194,143	194,143	194,143	249,000	264,000	269,000
Other debtors	48,784	15,216	79,970	15,000	15,000	15,000	80,000	80,000	80,000
Current portion of long-term receivables	24,637	21,372	7,502	20,000	20,000	20,000	6,590	7,711	7,812
Inventory	52,630	53,880	60,155	59,000	59,000	59,000	61,000	62,000	62,000
Total current assets	338,701	509,205	705,162	592,280	592,280	605,280	665,589	682,710	687,811
Non current assets									
Long-term receivables	7,822	8,397	8,667	6,000	6,000	6,000	8,567	8,446	8,346
Investments	–	–	–	–	–	–	–	–	–
Investment property	125,511	125,511	138,360	125,511	125,511	125,511	138,360	138,360	138,360
Investment in Associate	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217	8,217
Property, plant and equipment	4,941,858	5,055,592	5,573,513	6,356,849	6,405,583	6,405,583	5,885,805	5,948,109	6,038,703
Agricultural	–	–	–	–	–	–	–	–	–
Biological	–	–	7,305	–	–	–	–	–	–
Intangible	–	–	34,428	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–
Total non current assets	5,083,408	5,197,717	5,770,490	6,496,577	6,545,311	6,545,311	6,040,950	6,103,133	6,193,626
TOTAL ASSETS	5,422,109	5,706,921	6,475,652	7,088,857	7,137,591	7,150,591	6,706,539	6,785,843	6,881,437
LIABILITIES									
Current liabilities									
Bank overdraft	95,650	–	–	–	–	–	–	–	–
Borrowing	6,517	30,548	38,405	26,507	26,507	26,507	36,363	36,806	37,509
Consumer deposits	51,837	57,596	62,072	63,000	63,000	63,000	63,000	64,000	64,500
Trade and other payables	307,976	347,141	392,986	300,000	300,000	300,000	300,000	300,000	300,000
Provisions	–	–	–	–	–	–	–	–	–
Total current liabilities	461,980	435,285	493,463	389,507	389,507	389,507	399,363	400,806	402,009
Non current liabilities									
Borrowing	54,474	257,078	298,588	310,169	310,169	310,169	225,862	188,613	150,401
Provisions	142,174	158,810	177,752	168,037	168,037	168,037	212,740	231,129	249,560
Total non current liabilities	196,648	415,888	476,340	478,206	478,206	478,206	438,602	419,742	399,961
TOTAL LIABILITIES	658,628	851,173	969,803	867,714	867,714	867,714	837,965	820,548	801,970
NET ASSETS	4,763,481	4,855,748	5,505,849	6,221,143	6,269,877	6,282,877	5,868,574	5,965,295	6,079,467
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4,392,947	4,496,765	4,723,762	5,862,066	5,910,800	5,923,800	5,086,301	5,182,929	5,297,008
Reserves	370,534	358,983	782,086	359,077	359,077	359,077	782,273	782,366	782,459
Minorities' interests	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	4,763,481	4,855,748	5,505,849	6,221,143	6,269,877	6,282,877	5,868,574	5,965,295	6,079,467

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	643,965	970,087	949,491	1,291,051	1,367,051	1,367,051	1,405,097	1,507,186	1,561,058
Government - operating	364,356	358,909	367,485	402,905	491,331	491,331	687,835	461,965	531,427
Government - capital	360,194	131,083	250,160	388,070	386,322	386,322	287,188	306,872	347,146
Interest	49,307	28,922	42,233	33,677	33,677	33,677	30,500	30,500	30,500
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(1,034,055)	(1,163,088)	(1,224,034)	(1,411,625)	(1,387,022)	(1,387,022)	(2,096,277)	(1,975,904)	(2,101,827)
Finance charges	(23,627)	(13,073)	(29,427)	(31,486)	(31,486)	(31,486)	(27,155)	(23,747)	(21,158)
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	360,141	312,840	355,908	672,592	859,873	859,873	287,188	306,872	347,146
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	4,769	1,847	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	(12,331)	2,690	13,599	2,000	2,000	2,000	14,000	14,000	14,000
Decrease (increase) other non-current receivables	82,393		(59,000)	-	-	-	-	-	-
Decrease (increase) in non-current investments	213,139	(160,993)	(3,815)	-	-	-	-	18,000	18,000
Payments									
Capital assets	(897,181)	(287,886)	(354,503)	(485,070)	(533,804)	(533,804)	(287,188)	(306,872)	(347,146)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(273,188)	(274,872)	(315,146)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		226,634	49,367	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5,620	5,760	4,476	3,000	3,000	3,000	5,000	5,000	5,000
Payments									
Repayment of borrowing	(32,332)	-		(26,507)	(26,507)	(26,507)	(36,363)	(36,806)	(37,509)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
NET INCREASE/ (DECREASE) IN CASH HELD	(275,782)	100,892	6,032	166,015	304,562	304,562	(17,363)	194	(509)
Cash/cash equivalents at the year begin:	180,132	(95,650)	5,241	10,000	10,000	10,000	18,000	637	831
Cash/cash equivalents at the year end:	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R637 thousands as at the end of the 2013/14 financial year and escalates to R322 thousands by 2015/16

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available									
Cash/cash equivalents at the year end	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322
Other current investments > 90 days	59,000	219,993	282,808	128,122	(10,425)	2,575	268,363	268,169	268,678
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	(36,650)	225,235	294,081	304,137	304,137	317,137	269,000	269,000	269,000
Application of cash and investments									
Unspent conditional transfers	79,022	166,832	174,567	100,000	100,000	100,000	100,000	100,000	100,000
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	62,991	(49,967)	(70,762)	(4,861)	(5,407)	(9,804)	(133,330)	(146,359)	(137,614)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	142,013	116,865	103,805	95,139	94,593	90,196	(33,330)	(46,359)	(37,614)
Surplus(shortfall)	(178,663)	108,369	190,276	208,998	209,544	226,941	302,330	315,359	306,614

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
5. A surplus of R302 million is anticipated for the 2013/14 year increasing to a surplus of R307 million by 2015/16.

Table 22 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE									
Total New Assets	897,181	287,886	354,503	485,070	533,804	535,800	226,188	201,872	280,146
Infrastructure - Road transport	181,833	72,818	114,099	1,100	3,229	3,229	-	-	-
Infrastructure - Electricity	97,616	64,932	58,652	88,221	92,586	92,586	45,000	40,000	60,000
Infrastructure - Water	78,569	59,959	107,181	92,000	164,647	164,647	109,000	123,000	102,500
Infrastructure - Sanitation	72,877	38,995	19,169	30,100	48,556	48,556	46,338	29,872	108,646
Infrastructure - Other	-	-	-	21,946	15,137	15,137	16,850	-	-
Infrastructure	430,894	236,704	299,101	233,367	324,155	324,155	217,188	192,872	271,146
Community	-	-	5,000	-	18,442	20,088	9,000	9,000	9,000
Other assets	466,287	51,182	50,402	251,703	191,207	191,557	-	-	-
Total Renewal of Existing Assets	-	-	-	-	-	-	61,000	105,000	67,000
Infrastructure - Road transport	-	-	-	-	-	-	53,000	96,000	61,000
Infrastructure	-	-	-	-	-	-	53,000	96,000	61,000
Community	-	-	-	-	-	-	8,000	9,000	6,000
Total Capital Expenditure									
Infrastructure - Road transport	181,833	72,818	114,099	1,100	3,229	3,229	53,000	96,000	61,000
Infrastructure - Electricity	97,616	64,932	58,652	88,221	92,586	92,586	45,000	40,000	60,000
Infrastructure - Water	78,569	59,959	107,181	92,000	164,647	164,647	109,000	123,000	102,500
Infrastructure - Sanitation	72,877	38,995	19,169	30,100	48,556	48,556	46,338	29,872	108,646
Infrastructure - Other	-	-	-	21,946	15,137	15,137	16,850	-	-
Infrastructure	430,894	236,704	299,101	233,367	324,155	324,155	270,188	288,872	332,146
Community	-	-	5,000	-	18,442	20,088	17,000	18,000	15,000
Other assets	466,287	51,182	50,402	251,703	191,207	191,557	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1,277,102	1,310,191	1,349,724	1,490,574	1,529,387	1,529,387	1,582,387	1,678,387	1,739,387
Infrastructure - Electricity	640,157	769,132	790,531	830,531	849,787	851,783	894,787	934,787	994,787
Infrastructure - Water	420,057	554,531	642,754	799,421	1,022,333	865,666	1,137,671	1,230,543	1,391,689
Infrastructure - Sanitation	268,879	307,257	306,297	337,697	357,151	388,551	397,151	457,151	507,151
Infrastructure - Other	2,335,663	2,114,480	2,484,208	2,600,361	2,505,327	2,504,527	2,539,177	2,557,177	2,572,177
Infrastructure	4,941,858	5,055,592	5,573,513	6,058,583	6,263,984	6,139,913	6,551,172	6,858,044	7,205,190
Investment properties	125,511	125,511	138,360	125,511	125,511	125,511	138,360	138,360	138,360
Biological assets	-	-	7,305	-	-	-	-	-	-
Intangibles	-	-	34,428	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5,067,369	5,181,102	5,753,605	6,184,094	6,389,495	6,265,424	6,689,532	6,996,404	7,343,550
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Repairs and Maintenance by Asset Class	86,782	95,301	96,881	84,348	89,254	89,254	89,254	93,806	98,403
Infrastructure - Road transport	15,657	21,374	19,520	10,265	10,265	10,265	10,265	8,560	8,980
Infrastructure - Electricity	21,123	22,367	17,315	16,698	18,005	18,005	18,005	16,295	17,094
Infrastructure - Water	24,540	24,657	31,628	21,148	21,148	21,148	21,148	22,227	23,316
Infrastructure - Sanitation	4,817	3,918	5,633	4,996	4,996	4,996	4,996	5,250	5,508
Infrastructure - Other	4,624	2,994	-	58	58	58	58	-	-
Infrastructure	70,761	75,309	74,096	53,164	54,471	54,471	54,471	52,333	54,897
Community	16,021	19,992	22,785	31,183	34,783	34,783	34,783	41,474	43,506
TOTAL EXPENDITURE OTHER ITEMS	194,550	207,995	328,136	271,345	365,254	365,223	321,954	338,374	354,954

LIM354 Polokwane - Table A9 Consolidated Asset Management									
Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.2%	34.2%	19.3%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.2%	42.9%	26.1%
<i>R&M as a % of PPE</i>	1.8%	1.9%	1.7%	1.3%	1.4%	1.4%	1.5%	1.6%	1.6%
<i>Renewal and R&M as a % of PPE</i>	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	2.0%	3.0%	2.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet these recommendations and strategy must be implemented to meet these recommendations.
3. Due to substantial efforts, renewal of assets and repair and maintenance as a percentage of PPE has increased from 1.4 to 1.5 per cent in the 2013/14 year (R89 million).

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
Water:									
Piped water inside dwelling	40,673	40,673	40,673	41,484	41,484	41,484	43,559	43,737	44,038
Piped water inside yard (but not in dwelling)	31,547	31,547	31,547	35,923	35,923	35,923	40,962	42,202	44,696
Using public tap (at least min.service level)	50,450	50,450	50,450	58,281	58,281	58,281	52,371	51,092	49,967
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	122,670	122,670	122,670	135,688	135,688	135,688	136,892	137,031	138,701
Using public tap (< min.service level)									
Other water supply (< min.service level)	7,691	7,691	7,691	20,878	20,878	20,878	19,674	18,535	17,865
No water supply									
<i>Below Minimum Service Level sub-total</i>	7,691	7,691	7,691	20,878	20,878	20,878	19,674	18,535	17,865
Total number of households	130,361	130,361	130,361	156,566	156,566	156,566	156,566	155,566	156,566
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	31,546	31,546	31,546	37,581	37,581	37,581	38,656	40,344	40,768
Flush toilet (with septic tank)	700	700	700	3,903	3,903	3,903	4,032	4,076	4,013
Chemical toilet	14,816	14,816	14,816	1,481	1,481	1,481	1,493	1,520	1,630
Pit toilet (ventilated)	72,480	72,480	72,480	61,403	61,403	61,403	61,159	60,387	60,326
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	119,542	119,542	119,542	104,368	104,368	104,368	105,340	106,327	106,737
Bucket toilet									
Other toilet provisions (< min.service level)	10,819	10,819	10,819	52,198	52,198	52,198	51,226	50,239	49,829
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	10,819	10,819	10,819	52,198	52,198	52,198	51,226	50,239	49,829
Total number of households	130,361	130,361	130,361	156,566	156,566	156,566	156,566	156,566	156,566
Energy:									
Electricity (at least min.service level)	24,300	24,300	24,300	53,140	53,140	53,140	52,875	52,310	51,983
Electricity - prepaid (min.service level)	26,300	26,300	26,300	66,946	66,946	66,946	67,616	68,408	69,034
<i>Minimum Service Level and Above sub-total</i>	50,600	50,600	50,600	120,086	120,086	120,086	120,491	120,718	121,017
Electricity (< min.service level)	18,162	18,162	18,162	21,000	21,000	21,000	20,564	19,865	19,554
Electricity - prepaid (< min. service level)	34,223	34,223	34,223	12,925	12,925	12,925	13,925	14,514	14,575
Other energy sources	27,376	27,376	27,376	2,555	2,555	2,555	1,586	1,469	1,420
<i>Below Minimum Service Level sub-total</i>	79,761	79,761	79,761	36,480	36,480	36,480	36,075	35,848	35,549
Total number of households	130,361	130,361	130,361	156,566	156,566	156,566	156,566	156,566	156,566
Refuse:									
Removed at least once a week	48,364	48,364	48,364	91,338	91,338	91,338	91,500	91,500	91,500
<i>Minimum Service Level and Above sub-total</i>	48,364	48,364	48,364	91,338	91,338	91,338	91,500	91,500	91,500
Removed less frequently than once a week				97	97	97	97	97	97
Using communal refuse dump				4,566	4,566	4,566	4,566	4,566	4,566
Using own refuse dump	81,997	81,997	81,997	60,565	60,565	60,565	60,403	60,403	60,403
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	81,997	81,997	81,997	65,228	65,228	65,228	65,066	65,066	65,066
Total number of households	130,361	130,361	130,361	156,566	156,566	156,566	156,566	156,566	156,566
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	69,750	69,750	69,750	115,082	115,082	115,082	116,921	118,755	118,755
Sanitation (free minimum level service)	30,700	30,700	30,700	61,403	61,403	61,403	64,073	66,823	66,823
Electricity/other energy (50kwh per household per month)	34,223	34,223	34,223	27,000	27,000	27,000	28,000	29,000	29,000
Refuse (removed at least once a week)	30,700	30,700	30,700	91,338	91,338	91,338	99,433	105,642	105,642

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	1,343	1,423	5,596	6,190	6,190	6,190	6,561	6,955	6,955
Sanitation (free sanitation service)	575	609	1,055	3,158	3,158	3,158	3,347	3,548	3,548
Electricity/other energy (50kw h per household per month)	855	903	7,908	12,418	12,418	12,418	13,163	13,953	13,953
Refuse (removed once a week)	1,223	1,293	975	2,647	2,647	2,647	2,806	2,971	2,971
Total cost of FBS provided (minimum social package)	3,996	4,228	15,534	24,413	24,413	24,413	25,877	27,426	27,426
Highest level of free service provided									
Property rates (R value threshold)	11,500	11,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	10	12	33	36	36	36	38	40	40
Electricity (kw h per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	20	26	27	30	30	30	32	33	33
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)		3,145	3,334	3,534	3,534	3,534	3,746	3,971	3,971
Property rates (other exemptions, reductions and rebates)	2,905	3,250	3,445	3,651	3,651	3,651	3,870	4,103	4,103
Water	19,835	17,267	18,303	6,190	6,190	6,190	6,561	6,955	6,955
Sanitation	3,729	4,181	4,432	3,158	3,158	3,158	3,347	3,518	3,518
Electricity/other energy	6,181	9,109	9,655	12,418	12,418	12,418	13,163	13,953	13,953
Refuse	7,939	8,871	9,403	2,647	2,647	2,647	2,806	2,971	2,971
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	40,590	45,824	48,573	31,598	31,598	31,598	33,493	35,470	35,470

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make good progress with the eradication of backlogs:
 - Water services – backlog will be reduced by 3012 households to 17865 over the MTREF. These households are largely found in rural areas.
 - Sanitation services – backlog will be reduced by 2369 to 49 829 households over the MTREF. The number of households with no toilet provision are found in rural areas..
 - Electricity services – backlog will be reduced by 931 households to 35 549 over the MTREF. These households are largely found in rural areas.
 - Refuse services – backlog will be reduced by 162 to 65 066 households over the MTREF. These households are largely found in rural areas.
- The budget provides for 7 000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the City, especially by poor people seeking economic opportunities. The indigent subsidy for the 2013/14 year is set at R184.00 per month

4. It is anticipated that these Free Basic Services will cost the municipality R26 million in 2013/14, increasing to R27 million in 2015/16. This is covered by the municipality's equitable share allocation from national government. +
5. In addition to the Free Basic Services, the Municipality also 'gives' households R33 million in free services in 2013/14, and it increases to R35 million in 2015/16. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and Budget time schedule on 30 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **September 2012**- Review of provincial and governmental sector and strategic plans
- **October 2012**- Evaluate revenue projections for the MTEF and potential bulk services increases
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **December 2012**- Consolidate the Draft IDP
- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **January 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **28 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** – Public consultation;
- **May 2013** - Closing date for written comments;
- **May 2013** – finalisation of the 2013/14 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the eighth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF in August.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, an extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

2013/2014 IDP/BUDGET REVIEW COMMUNITY AND STAKEHOLDER CONSULTATION

Section 16 of Municipal Systems Act (32 of 2000) mandate municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in:

- The preparation, implementation and review of its Integrated Development Plan (IDP).
- The establishment, implementation and review of its Performance Management System(PMS);
- Monitoring and review of its performance, including the outcomes and impact of such performance;
- The preparation of its budget;
- Strategic decision relating to the provision of municipal services.

Section 152 of the Constitution (108 of 1996) provides objectives of local government. One of the objectives is to encourage the involvement of communities and community organizations in the matters of local government.

In line with the above-mentioned legislative mandate, Polokwane Municipality will undertake the IDP/Budget review consultation process from April 2013. Polokwane municipality is made up of thirty-eight (38) wards, which are grouped into four clusters for administrative purpose, namely;

- Mankweng/ Sebayeng/Dikgale;

- Maja/Chuene/Molepo;
- Moletjie and;
- City/Seshego Cluster;

For effective and efficient public participation process, the 2013-14 IDP/Budget Review consultation process will be conducted from April 2013.

The Executive Mayor with the members of Mayoral Committee and Management team will convene consultation meetings with communities and stakeholders in all clusters as indicate above. The needs of the community are in order of priority.

The previous financial years overall top three priority needs can be summarized as follows:

- Water
- Roads
- Electricity

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF

2.2 Overview of alignment of annual budget with IDP

The Constitution of the Republic of South Africa, 1996 stipulates that the local sphere of government consists of municipalities which were established for the whole of the territory of South Africa – the so-called wall-to-wall municipalities. The objects of local government are set out in Section 152 of the Constitution. Accordingly the objects are -

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organizations in the matters of local government.

The Constitution commits government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water and social security.

The development of the Integrated Development Plan (IDP) in municipalities is manifested in different legislations that govern local government. The legislative framework that the IDP is vastly discussed includes the Municipal Systems Act of 2001 and the Municipal Structures Act of 1997. Another piece of legislation which has a tremendous impact on the IDP is the Municipal Finance Management Act 56 of 2003 (MFMA) as it outlines the alignment of the budget and IDP.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- NSDP
- Green Paper on National Strategic Planning of 2009;
- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment , Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

PRIORITY NUMBER	2012/2013	2013/2014
1.	Developmental Planning	Developmental Planning
2.	Leadership	Leadership
3.	Financial Management and Strong Revenue Base	Financial Management and Strong Revenue Base
4.	Environmental Management planning	Environmental Management planning
5.	Spatial Planning and Economic	Spatial Planning and

	Development	Economic Development
6.	Housing Entity	Housing Entity
7.	Human resources planning	Human resources planning
8.	Community Participation	Community Participation

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives (The strategic objectives are aligned to the balance scorecard methodology):

Strategic Objective	Strategy Outcome
Facilitate, Care and Support for Communities	Safe and Healthy Communities
Create a Conducive Economic Environment	Sustainable Economic Growth and Job Opportunities
Enhance Revenue and Assets Base	Financial Viability
Preserve Natural Resources	Liveable Habitat
Develop and Refurbish Infrastructural Services	Reliable and Sustainable Infrastructural Services
Plan Sustainable Integrated Settlements	Quality Living
Practice Good Governance	Organisational Excellence
Invest in Human Capital and Retain Skills	Effective and Efficient Workforce

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Develop and refurbish infrastructural services	Water and sanitation	150,599	168,055	204,814	293,833	314,833	312,842	314,912	335,983	357,811
	Energy services	369,183	415,882	559,547	609,339	650,339	650,339	678,381	746,133	820,653
	Transport infrastructure	–	1	–	21,160	21,160	44	22,324	23,462	24,612
Create a conducive economic environment	Economic development and tourism	–	–	–	1,011	1,011	337	1,067	1,121	1,176
	City and regional planning	31,004	23,906	7,347	57,705	57,705	57,705	5,968	3,225	6,485
	Transport operations	–	–		–	–	–			
	Sports and Recreation	775	931	1,687	1,186	1,186	1,186	1,251	1,315	1,379
	Facility commercialisation	–	–	–	10,000	10,000	4,045	10,550	11,088	11,631
	Corporate Geo-information	–	–		–	–	–			
Enhance revenue and asset base	Budget and treasury	896,086	820,665	941,612	1,075,271	1,166,949	1,163,906	1,275,189	1,085,772	1,206,380
Plan sustainable integrated settlements	Housing	2,931	3,082	3,258	5,533	5,533	5,533	5,838	6,103	6,402
Preserve natural resources	Environmental management	4,843	2,474	2,519	2,754	2,754	2,754	2,914	3,047	3,213
	Waste management	40,973	43,659	47,830	46,076	52,076	52,076	57,296	61,351	65,570
	Community health services	–	–		–	–	–			
Facilitate, care and support communities	Fire and emergency services	272	233	158	253	253	253	267	281	294
	Arts and Culture	412	413	427	451	451	451	475	500	524
	Traffic and licence	21,025	25,262	26,851	28,828	28,828	28,828	30,413	31,964	33,531
	Facility management	252	272	304	783	783	783	826	868	911
	Disaster management	–	–		–	–	–			
	Community safety and security	–	–		–	–	–			
	Control centre	2	5		8	8	8			
	Special focus (community programmes)	–	–		–	–	–			
Invest in human capital and retain skills	Human resources	530	1,210	2,136	1,511	4,511	4,511	3,011	3,012	3,013
Practice good governance	Internal audit	–	–		–	–	–			
	Risk management	–	–		–	–	–			
	IDP	–	–		–	–	–			
	Project management	–	–		–	–	–			
	Performance management	–	–		–	–	–			
	Information systems	–	1	–	1	1	1	1	1	1
	Legal services	–	–		–	–	–			
	Secretariat	–	–		–	–	–			
	Mechanical services	–	–		–	–	–			
	Councillor support , Traditional Affairs and public participation	–	–		–	–	–			
	Communication and marketing	–	–		–	–	–			
	Executive mayor's office	–	–		–	–	–			
	Municipal manager's office	–	–		–	–	–			
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		1,518,887	1,506,049	1,798,489	2,155,703	2,318,381	2,285,601	2,410,683	2,315,225	2,543,585

**Table 26 MBRR Table SA5 Reconciliation of IDP strategic objectives and budget
(operating expenditure)**

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Develop and refurbish infrastructural services	Water and sanitation	207,475	243,759	250,536	241,909	255,006	254,099	304,313	321,709	340,428
	Energy services	323,803	408,872	482,245	535,406	547,240	546,750	588,677	633,672	681,839
	Transport infrastructure	58,983	66,318	95,913	72,512	96,488	96,575	60,188	63,523	66,959
Create a conducive economic environment	Economic development and tourism	12,696	17,044	14,482	17,254	16,382	16,293	19,054	20,220	21,488
	City and regional planning	10,691	11,906	12,971	14,561	14,889	14,837	16,917	17,909	18,945
	Transport operations	–	–	–	7	26,007	20,293	246,984	1,321	1,403
	Sports and Recreation	142,953	87,774	145,420	119,476	124,239	123,854	133,082	140,173	147,414
	Facility commercialisation	8,872	19,732	18,194	19,641	24,709	24,338	24,075	25,446	26,867
	Corporate Geo-information	–	–							
Enhance revenue and asset base	Budget and treasury	61,366	21,777	83,630	88,928	99,293	96,499	100,391	101,226	103,054
Plan sustainable integrated settlements	Housing	6,675	8,669	6,947	9,913	5,474	6,322	7,537	8,014	8,521
Preserve natural resources	Environmental management	32,356	36,504	52,147	37,365	49,925	52,022	54,154	57,305	60,589
	Waste management	48,077	55,252	70,247	54,269	56,187	48,557	60,989	64,480	68,105
	Community health services	6,813	6,907	5,370	5,613	3,366	5,470	5,991	6,368	6,768
Facilitate, care and support communities	Fire and emergency services	22,936	23,639	24,444	24,640	25,065	24,880	28,179	29,897	31,705
	Arts and Culture	24,468	20,420	24,954	26,056	26,733	26,701	29,150	30,866	32,658
	Traffic and licence	40,186	43,365	41,488	42,034	42,920	42,881	45,790	48,683	51,750
	Facility management	28,520	28,552	28,049	39,506	39,365	35,481	40,822	43,198	45,633
	Disaster management									
	Community safety and security	19,083	28,929	40,803	46,220	50,875	50,772	52,633	55,552	58,561
	Control centre									
	Special focus (community programmes)	–	–							
Invest in human capital and retain skills	Human resources	22,290	6,003	38,260	58,139	45,156	41,571	66,994	71,688	75,756
Practice good governance	Internal audit	69	60	3,501	4,941	4,964	4,866	6,067	6,409	6,763
	Risk management	57	62	2,451	2,789	2,402	2,300	2,565	2,710	2,859
	IDP	3,039	4,896	4,475	4,183	3,206	3,193	4,210	4,464	4,731
	Project management	3,829	3,729	4,881	6,168	5,840	5,827	6,540	6,934	7,347
	Performance management	–	–	–	807	1,231	684	792	833	875
	Information systems	(209)	1,175	17,897	24,104	24,945	24,881	26,042	27,461	28,917
	Legal services	4,865	6,574	7,137	8,930	7,286	7,249	8,774	9,290	9,828
	Secretariat	972	1,025	9,110	9,428	10,227	10,215	11,237	11,903	12,600
	Mechanical services	10,483	13,558	10,259	50,765	48,999	31,891	51,613	54,349	57,140
	Councillor support , Traditional Affairs and public participation	–	–							
	Communication and marketing	748	452	17,407	10,685	13,884	14,119	14,486	15,328	16,205
	council & Executive mayor's office	31,247	44,615	107,683	90,890	97,491	94,475	102,362	115,715	124,086
	Municipal manager's office	103	2,174	2,557	2,970	3,876	3,804	2,824	3,003	3,192
Allocations to other priorities										
Total Expenditure		1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985

Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Develop and refurbish infrastructural services	Water and sanitation	231,975	98,954	126,350	188,067	273,766	273,766	155,338	152,872	211,146
	Energy services	21,387	51,788	58,652	40,000	59,256	61,252	45,000	40,000	60,000
	Transport infrastructure	176,559	72,818	114,099	140,850	179,663	179,663	53,000	96,000	61,000
Create a conducive economic environment	Economic development and tourism									
	City and regional planning	21,136	12,238	21,516	109,453	10,393	10,393			
	Transport operations									
	Sports and Recreation	393,355	13,714	4,369	-	513	513	17,000	18,000	15,000
	Facility commercialisation									
	Corporate Geo-information									
Enhance revenue and asset base	Budget and treasury	128	2,763	6,022	-	50	50			
Plan sustainable integrated settlements	Housing	990	-	29	200	50	50			
Preserve natural resources	Environmental management									
		331	35	-						
	Waste management	3,205	629	346	-	-	-	16,850	-	-
	Community health services	29	-	-						
Facilitate, care and support communities	Fire and emergency services				-	350	350			
	Arts and Culture									
	Traffic and licence									
	Facility management				-					
	Disaster management									
	Community safety and security	5,781	19,340	-	-	600	600			
	Control centre									
	Special focus (community programmes)	6,228	2,249	726	-	1,006	1,006			
Invest in human capital and retain skills	Human resources									

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Practice good governance	Internal audit									
	Risk management									
	IDP									
	Project management									
	Performance management									
	Information systems	36,077	13,357	22,394	6,500	8,157	8,157			
	Legal services									
	Secretariat									
	Mechanical services									
	Councillor support, Traditional Affairs and public participation									
	Communication and marketing									
	Executive mayor's office									
	Municipal manager's office									
Allocations to other priorities										
Total Capital Expenditure		897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.9%	0.5%	1.8%	3.5%	3.3%	3.3%	3.0%	3.0%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.6%	0.6%	2.5%	4.2%	4.0%	4.1%	4.4%	3.9%	3.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	136.6%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	14.7%	71.6%	38.2%	86.4%	86.4%	86.4%	28.9%	24.1%	19.2%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.7	1.2	1.4	1.5	1.5	1.6	1.7	1.7	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.2	1.4	1.5	1.5	1.6	1.7	1.7	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.5	0.6	0.8	0.8	0.8	0.7	0.7	0.7
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		87.5%	106.4%	78.2%	95.4%	95.6%	0.0%	99.7%	99.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			78.9%	106.1%	82.1%	95.2%	95.5%	0.0%	98.7%	98.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.9%	18.7%	23.1%	12.6%	12.2%	12.3%	16.2%	17.9%	16.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		-239.4%	3440.1%	1937.4%	113.6%	63.6%	63.6%	31397.2%	24067.4%	62111.8%
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.7%	27.3%	24.7%	23.1%	20.5%	20.7%	22.4%	25.2%	24.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.7%	7.5%	6.2%	4.5%	4.6%	4.7%	4.2%	4.7%	4.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	9.3%	16.8%	11.7%	15.9%	16.1%	12.2%	13.4%	12.6%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.4	21.7	19.6	22.7	22.7	22.7	21.3	22.7	24.5
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30.8%	27.4%	33.6%	18.9%	17.8%	17.9%	25.1%	24.4%	22.9%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	(1.4)	0.1	0.1	1.7	3.0	3.0	0.0	0.0	0.0

2.2.1 Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Polokwane City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. The cost of borrowing decreases from 3.0% to 2.8% over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

2.2.1.2 Safety of Capital

- The *debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- The *gearing ratio* is a measure of the total long term borrowings over funds and reserves. The gearing ratio should not exceed 50 per cent as a prudential limit, hence, over the 2013/14 MTREF the ratio decreases to 19.2 per cent by 2015/16.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.7 and 1.7 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 0.7. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 99 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.2.1.6 Other Indicators

- Repairs and maintenance as percentage of operating expenditure is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.2.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 7 400 registered indigents have been provided for in the budget with this figured increasing to 7938 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.2.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 45 per cent of the City's bulk water needs are provided directly by Lepelle Water in the form of purified water. The remaining 55 per cent is generated from the Ebenezer Water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Lepelle Water and the Municipality were awarded Blue Drop status in 2011/12, indicating that the City's drinking water is of exceptional quality.

2.3 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.3.1 Review of budget related procedures/policies

All budget related policies are currently under review. While the adopted policies are credible, sustainable, manageable and informed by affordability and value for money there is a need to review certain components to be in line with legislation and best practice. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels and handed over to debt collectors.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.3.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.3.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in March 2011. An amended policy was considered by Council in March 2012 and will be reviewed where necessary along with other budget related policy

2.3.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Budget and Virement Policy was approved by Council in June 2012 in respect of both Operating and Capital Budget Fund Transfers.

2.3.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy will be reviewed along with other budget related policies. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.3.7 Tariff Policies

The City's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The tariffs have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.3.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy is in the process been developed and will directly inform the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:

- Approved 2012/13 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies will be available on the City's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Basic Social Services Package (Indigent Policy).
- Credit control and debt collection policy
- Debt write off policy

2.4 Overview of budget assumptions

2.4.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained

expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances.

2.4.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.4.3 Credit rating outlook

Table 29 Credit rating outlook

Security class	Currency	Rating	Annual rating 2005/06	Previous Rating
Short term	Rand	Prime -1	20 September 2005	A2
Long-term	Rand	Aa3	20 September 2005	BBB

2.4.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

2.4.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015.

2.4.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 30 Breakdown of the operating revenue over the medium-term

Description	2013/14 Medium Term Revenue & Expenditure Framework					
	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source						
Property rates	267,951	13%	281,617	14.02%	295,416	13%
Property rates - penalties & collection charges	–		–		–	
Service charges - electricity revenue	678,241	32%	745,979	37%	820,483	37%
Service charges - water revenue	255,616	12%	273,661	14%	292,435	13%
Service charges - sanitation revenue	59,243	3%	62,264	3%	65,315	3%
Service charges - refuse revenue	55,697	3%	59,639	3%	63,740	3%
Service charges - other	–	0%	–	0%	–	0%
Rental of facilities and equipment	18,010	1%	18,896	1%	19,822	1%
Interest earned - external investments	12,500	1%	12,500	1%	12,500	1%
Interest earned - outstanding debtors	18,000	1%	18,000	1%	18,000	1%
Dividends received	–	0%	–	0%	–	0%
Fines	6,003	0%	6,310	0%	6,621	0%
Licences and permits	8,399	0%	8,827	0%	9,259	0%
Agency services	14,770	1%	15,523	1%	16,284	1%
Transfers recognised - operational	687,835	32%	461,965	23%	531,427	24%
Other revenue	41,031	2%	42,962	2%	44,917	2%
Gains on disposal of PPE	200	0%	210	0%	220	0%
Total Revenue (excluding capital transfers and contributions)	2,123,495	100%	2,008,353	100%	2,196,439	100%
Share of surplus/ (deficit) of associate	–		–		–	
Surplus/(Deficit) for the year	287,251		315,574		420,600	

Figure 1 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 31 Proposed tariff increases over the medium-term

Revenue category	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2014/15 proposed tariff increase
	%	%	%
Property rates	5.5	5.1	4.9
Sanitation	5.5	5.1	4.9
Solid Waste	5.5	5.1	4.9
Water	5.5	5.1	4.9
Electricity	8.0	8.0	8.0
Total			

The tables below provides detail investment information and investment particulars by maturity.

Table 32 MBRR SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank		160,993	223,808	240,137	240,137	240,137	200,000	200,000	200,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	59,000	219,993	282,808	299,137	299,137	299,137	259,000	259,000	259,000
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	59,000	219,993	282,808	299,137	299,137	299,137	259,000	259,000	259,000

Table 33 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
Standard Bank	2 Years	Fixed deposit	Yes	Variable	5	No	N/A	16 April 2015	59,000	2,950
Standard Bank	3 Months	Call deposit	No	Fixed	5.13	No	N/A	21 September 2013	50,000	2,365
ABSA	3 Months	Call deposit	No	Fixed	5.12	No	N/A	21 September 2013	50,000	2,360
NED	3 Months	Call deposit	No	Fixed	5.2	No	N/A	21 September 2013	50,000	2,400
FNB	3 Months	Call deposit	No	Fixed	5.05	No	N/A	21 September 2013	50,000	2,325
Municipality sub-total									259,000	12,400
Entities sub-total									–	–
TOTAL INVESTMENTS AND INTEREST									259,000	12,400

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

2.5.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 34 Sources of capital revenue over the MTREF

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:									
National Government	396,283	121,956	216,313	282,960	374,055	374,055	287,188	306,872	347,146
Provincial Government	–	–	–	6,407	6,407	6,407	–	–	–
District Municipality	2,259	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	398,542	121,956	216,313	289,367	380,462	380,462	287,188	306,872	347,146
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	498,639	165,930	138,190	195,703	153,342	155,338	–	–	–
Total Capital Funding	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146

The following table is a detailed analysis of the City's borrowing liability.

Table 35 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	54,474	254,481	334,396	298,588	298,588	298,588	262,225	225,419	187,910
Municipality sub-total	54,474	254,481	334,396	298,588	298,588	298,588	262,225	225,419	187,910
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	54,474	254,481	334,396	298,588	298,588	298,588	262,225	225,419	187,910

Table 36 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	323,394	390,308	367,856	396,805	485,231	485,231	682,085	461,965	531,427
Equitable share	246,638	307,859	350,705	388,232	388,232	388,232	415,990	454,995	518,016
Finance Management	750	1,000	1,250	1,500	1,500	1,500	1,650	1,800	1,950
Department of Water Affairs	20,806	19,132	13,111	3,273	3,273	3,273	10,000		6,000
Municipal Systems Improvement	400	750	790	800	800	800	890	930	967
Public Transport		36,567			82,980	82,980	245,741		
Department Sport & Recreation			2,000						
2010 FIFA Host City Operating Grant	54,800								
Infrastructure skills development fund				3,000	3,000	3,000	3,200	4,240	4,494
Expanded public works programme incentive grant					5,446	5,446	4,614		
FIFA Local Organizing Committee		25,000							
Provincial Government:	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	15,000	6,100	6,100	6,100	5,750	-	-
National Lottery			15,000	6,100	6,100	6,100	5,750		
Total Operating Transfers and Grants	323,394	390,308	382,856	402,905	491,331	491,331	687,835	461,965	531,427
Capital Transfers and Grants									
National Government:	222,505	164,114	241,001	381,663	379,915	379,915	287,188	306,872	347,146
Municipal Infrastructure (MIG)	129,803	151,829	153,679	221,514	332,913	332,913	242,188	266,872	287,146
Public Transport	61,146	5,250	43,820	98,703	-				
Sport and Recreation	21,719	-							
Water Affairs	9,837	-	6,407						
Integrated national electrification programme grant			8,120	16,000	16,000	16,000	35,000	35,000	60,000
Expanded public works programme incentive grant		7,035	2,743	5,446	2,465	2,465			
Electricity Demand Side Management			9,232	10,000	10,538	10,538	10,000	5,000	
Neighbourhood development partnership grant			17,000	30,000	18,000	18,000			
Provincial Government:	-	-	-	6,407	6,407	6,407	-	-	-
DWA				6,407	6,407	6,407			
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	40,607	21,961	1,506	-	-	-	-	-	-
NER	40,607	20,000							
Anglo Platinum			1,506						
Eskom		1,961							
Total Capital Transfers and Grants	263,112	186,075	242,507	388,070	386,322	386,322	287,188	306,872	347,146
TOTAL RECEIPTS OF TRANSFERS & GRANTS	586,506	576,383	625,363	790,975	877,653	877,653	975,023	768,837	878,573

2.5.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 37 MBRR Table A7 - Budget cash flow statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	643,965	970,087	949,491	1,291,051	1,367,051	1,367,051	1,405,097	1,507,186	1,561,058
Government - operating	364,356	358,909	367,485	402,905	491,331	491,331	687,835	461,965	531,427
Government - capital	360,194	131,083	250,160	388,070	386,322	386,322	287,188	306,872	347,146
Interest	49,307	28,922	42,233	33,677	33,677	33,677	30,500	30,500	30,500
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(1,034,055)	(1,163,088)	(1,224,034)	(1,411,625)	(1,387,022)	(1,387,022)	(2,096,277)	(1,975,904)	(2,101,827)
Finance charges	(23,627)	(13,073)	(29,427)	(31,486)	(31,486)	(31,486)	(27,155)	(23,747)	(21,158)
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	360,141	312,840	355,908	672,592	859,873	859,873	287,188	306,872	347,146
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	4,769	1,847	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	(12,331)	2,690	13,599	2,000	2,000	2,000	14,000	14,000	14,000
Decrease (increase) other non-current receivables	82,393	-	(59,000)	-	-	-	-	-	-
Decrease (increase) in non-current investments	213,139	(160,993)	(3,815)	-	-	-	-	18,000	18,000
Payments									
Capital assets	(897,181)	(287,886)	(354,503)	(485,070)	(533,804)	(533,804)	(287,188)	(306,872)	(347,146)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(273,188)	(274,872)	(315,146)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	226,634	49,367	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5,620	5,760	4,476	3,000	3,000	3,000	5,000	5,000	5,000
Payments									
Repayment of borrowing	(32,332)	-	-	(26,507)	(26,507)	(26,507)	(36,363)	(36,806)	(37,509)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
NET INCREASE/ (DECREASE) IN CASH HELD	(275,782)	100,892	6,032	166,015	304,562	304,562	(17,363)	194	(509)
Cash/cash equivalents at the year begin:	180,132	(95,650)	5,241	10,000	10,000	10,000	18,000	637	831
Cash/cash equivalents at the year end:	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322

2.5.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available									
Cash/cash equivalents at the year end	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322
Other current investments > 90 days	59,000	219,993	282,808	128,122	(10,425)	2,575	268,363	268,169	268,678
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	(36,650)	225,235	294,081	304,137	304,137	317,137	269,000	269,000	269,000
Application of cash and investments									
Unspent conditional transfers	79,022	166,832	174,567	100,000	100,000	100,000	100,000	100,000	100,000
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	62,991	(49,967)	(70,762)	(4,861)	(5,407)	(9,804)	(133,330)	(146,359)	(137,614)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	142,013	116,865	103,805	95,139	94,593	90,196	(33,330)	(46,359)	(37,614)
Surplus(shortfall)	(178,663)	108,369	190,276	208,998	209,544	226,941	302,330	315,359	306,614

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the

2012/13 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. The Municipality has received the necessary roll-over.

2.5.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below

Table 39 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	(95,650)	5,241	11,274	176,015	314,562	314,562	637	831	322
Cash + investments at the yr end less applications - R'000	18(1)b	(178,663)	108,369	190,276	208,998	209,544	226,941	302,330	315,359	306,614
Cash year end/monthly employee/supplier payments	18(1)b	(1.4)	0.1	0.1	1.7	3.0	3.0	0.0	0.0	0.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	8.2%	18.2%	9.3%	0.1%	(6.2%)	(2.3%)	2.1%	2.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	78.9%	106.1%	82.1%	95.2%	95.5%	97.5%	98.7%	98.3%	94.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	(0.3%)	0.8%	3.7%	3.3%	3.1%	3.1%	3.0%	3.5%	3.5%
Capital payments % of capital expenditure	18(1)c,19	100.0%	100.0%	100.0%	100.0%	100.0%	99.6%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	136.6%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't. legislated/gazetted allocations	18(1)a							105.7%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	1.3%	52.5%	(34.7%)	0.0%	0.0%	46.5%	4.8%	1.5%
Long term receivables % change - incr(decr)	18(1)a	N.A.	7.4%	3.2%	(30.8%)	0.0%	0.0%	42.8%	(1.4%)	(1.2%)
R&M % of Property Plant & Equipment	20(1)(vi)	1.8%	1.9%	1.7%	1.3%	1.4%	1.4%	1.5%	1.6%	1.6%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.2%	34.2%	19.3%

2.5.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6 Expenditure on grants and reconciliations of unspent funds

Table 40 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	323,394	328,741	392,485	396,805	485,231	485,231	682,085	461,965	531,427
Equitable share	246,638	307,859	350,705	388,232	388,232	388,232	415,990	454,995	518,016
Finance Management	750	1,000	1,250	1,500	1,500	1,500	1,650	1,800	1,950
Department of Water Affairs	20,806	19,132	13,111	3,273	3,273	3,273	10,000		6,000
Municipal Systems Improvement	400	750	790	800	800	800	890	930	967
2010 FIFA Host City Operating Grant	54,800						245,741		
Public Transport					82,980	82,980			
Infrastructure skills development fund				3,000	3,000	3,000	3,200	4,240	4,494
FIFA Local Organizing Committee			25,000		5,446	5,446	4,614		
Dept Sport and Recreation			1,629						
2010 FIFA Host City Operating Grant									
Provincial Government:	1,423	-	-	-	-	-	-	-	-
Housing	1,423								
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	3,528	8,847	6,100	6,100	6,100	5,750	-	-
National Lottery			8,847	6,100	6,100	6,100	5,750		
Dept Transport		1,567							
Eskom		1,961							
Total operating expenditure of Transfers and Grants:	324,817	332,270	401,332	402,905	491,331	491,331	687,835	461,965	531,427
Capital expenditure of Transfers and Grants									
National Government:	396,283	157,722	213,511	381,663	379,915	379,915	287,188	306,872	347,146
Municipal Infrastructure (MIG)	136,781	62,237	160,801	221,514	332,913	332,913	242,188	266,872	287,146
Public Transport	76,843	46,528	14,793	98,703					
Sport and Recreation	150,174								
Water Affairs	2,267	11,726							
Integrated national electrification programme grant	30,217	14,688	16,112	16,000	16,000	16,000	35,000	35,000	60,000
Expanded public works programme incentive grant		14,510	952	5,446	2,465	2,465			
Electricity Demand Side Management		2,479	1,248	10,000	10,538	10,538	10,000	5,000	
Neighbourhood development partnership grant		5,553	19,605	30,000	18,000	18,000			
Provincial Government:	-	-	-	6,407	6,407	6,407	-	-	-
DWA				6,407	6,407	6,407			
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	2,802	-	-	-	-	-	-
Anglo Platinum			2,802						
Total capital expenditure of Transfers and Grants	396,283	157,722	216,313	388,070	386,322	386,322	287,188	306,872	347,146
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	721,100	489,992	617,645	790,975	877,653	877,653	975,023	768,837	878,573

Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	1,654	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Current year receipts	362,883	358,909	365,856	402,905	491,331	491,331	635,105	461,965	531,427
Conditions met - transferred to revenue	362,933	358,909	365,856	402,905	491,331	491,331	635,105	461,965	531,427
Conditions still to be met - transferred to liabilities	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Provincial Government:									
Balance unspent at beginning of the year	1,697	318	333	333	333	333	333	333	333
Current year receipts	44	15	2,016						
Conditions met - transferred to revenue	1,423	-	1,629	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	318	333	721	333	333	333	333	333	333
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year			25,000	-					
Current year receipts		25,000	15,000						
Conditions met - transferred to revenue	-	-	33,847	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		25,000	6,153						
Total operating transfers and grants revenue	364,356	358,909	401,332	402,905	491,331	491,331	635,105	461,965	531,427
Total operating transfers and grants - CTBM	1,922	26,937	8,478	1,937	1,937	1,937	1,937	1,937	1,937
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	207,321	74,150	135,650	6,407	6,407	6,407			
Current year receipts	263,112	179,927	298,904	381,663	379,915	379,915	287,188	306,872	347,146
Conditions met - transferred to revenue	396,283	118,427	271,414	388,070	386,322	386,322	287,188	306,872	347,146
Conditions still to be met - transferred to liabilities	74,150	135,650	163,140	-					
Provincial Government:									
Balance unspent at beginning of the year	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950
District Municipality:									
Balance unspent at beginning of the year	2,259								
Current year receipts									
Conditions met - transferred to revenue	2,259	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year			1,296	-					
Current year receipts		4,824	1,506						
Conditions met - transferred to revenue	-	3,528	2,802	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		1,296	-						
Total capital transfers and grants revenue	398,542	121,956	274,216	388,070	386,322	386,322	287,188	306,872	347,146
Total capital transfers and grants - CTBM	77,099	139,895	166,089	2,950	2,950	2,950	2,950	2,950	2,950
TOTAL TRANSFERS AND GRANTS REVENUE	762,898	480,864	675,548	790,975	877,653	877,653	922,293	768,837	878,573
TOTAL TRANSFERS AND GRANTS - CTBM	79,022	166,832	174,567	4,887	4,887	4,887	4,887	4,887	4,887

2.7 Councillor and employee benefits

Table 42 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	11,714	11,520	13,057	13,756	13,756	13,756	15,234	16,224	17,278
Pension and UIF Contributions	1,590	1,703	1,969	2,074	2,074	2,074	2,285	2,434	2,592
Medical Aid Contributions	1,281	1,266	1,261	1,261	1,261	1,261	1,331	1,417	1,509
Motor Vehicle Allowance	2,777	4,363	3,264	3,439	3,439	3,439	3,808	4,056	4,320
Cellphone Allowance	834	926	883	926	926	926	1,027	1,094	1,165
Sub Total - Councillors	18,196	19,779	20,435	21,456	21,456	21,456	23,684	25,224	26,864
% increase		8.7%	3.3%	5.0%	-	-	10.4%	6.5%	6.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	2,685	3,264	4,969	5,577	5,577	5,577	6,606	7,002	7,422
Pension and UIF Contributions	595	628	862	1,067	1,067	1,067	1,282	1,359	1,441
Medical Aid Contributions	111	104	126	189	189	189	207	220	233
Motor Vehicle Allowance	688	773	1,175	1,331	1,331	1,331	1,499	1,589	1,684
Housing Allowances	48	24	11						
Other benefits and allowances				395	395	395	477	505	536
Sub Total - Senior Managers of Municipality	4,127	4,793	7,142	8,558	8,558	8,558	10,071	10,675	11,316
% increase		16.1%	49.0%	19.8%	-	-	17.7%	6.0%	6.0%
Other Municipal Staff									
Basic Salaries and Wages	202,234	204,169	233,259	267,361	227,352	226,777	285,625	304,224	324,033
Pension and UIF Contributions	46,012	42,298	48,998	59,114	48,291	48,331	63,136	67,246	71,624
Medical Aid Contributions		13,773	14,405	16,486	17,824	17,704	17,620	18,766	19,987
Overtime	36,409	43,026	43,140	26,418	36,208	37,200	39,657	42,235	44,980
Performance Bonus									
Motor Vehicle Allowance	18,184	21,497	23,078	25,780	27,806	26,865	28,728	30,602	32,600
Cellphone Allowance									
Housing Allowances	3,708	3,879	4,207	4,831	4,784	4,001	4,267	4,544	4,840
Other benefits and allowances	21,816	28,736	24,630	24,002	25,200	24,512	26,127	27,828	29,639
Sub Total - Other Municipal Staff	328,364	357,379	391,717	423,992	387,464	385,392	465,159	495,444	527,702
% increase		8.8%	9.6%	8.2%	(8.6%)	(0.5%)	20.7%	6.5%	6.5%
Total Parent Municipality	350,688	381,951	419,294	454,006	417,478	415,406	498,914	531,343	565,881
		8.9%	9.8%	8.3%	(8.0%)	(0.5%)	20.1%	6.5%	6.5%
Board Members of Entities									
Basic Salaries and Wages			204						
Motor Vehicle Allowance			20						
Sub Total - Board Members of Entities	-	-	224	-	-	-	-	-	-
% increase		-	-	(100.0%)	-	-	-	-	-
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Other Staff of Entities									
Basic Salaries and Wages			2,917						
Pension and UIF Contributions			165						
Medical Aid Contributions			163						
Overtime			58						
Housing Allowances			60						
Other benefits and allowances			614						
Sub Total - Other Staff of Entities	-	-	3,977	-	-	-	-	-	-
% increase		-	-	(100.0%)	-	-	-	-	-
Total Municipal Entities	-	-	4,201	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS	350,688	381,951	423,495	454,006	417,478	415,406	498,914	531,343	565,881
% increase		8.9%	10.9%	7.2%	(8.0%)	(0.5%)	20.1%	6.5%	6.5%
TOTAL MANAGERS AND STAFF	332,491	362,172	402,836	432,550	396,022	393,950	475,230	506,119	539,017

Table 43 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	463,222	86,763	135,678			685,663
Chief Whip	1	433,499	82,305	128,246			644,050
Executive Mayor	1	582,114	104,597	185,357			872,068
Deputy Executive Mayor	-	-	-	-			-
Executive Committee		3,131,222	642,483	936,670			4,710,375
Total for all other councillors		10,623,616	2,699,462	3,449,248			16,772,326
Total Councillors	3	15,233,673	3,615,610	4,835,199			23,684,482
Senior Managers of the Municipality							
Municipal Manager		1,005,511	243,093	238,608	83,793		1,571,005
Chief Finance Officer		885,039	208,848	72,000	73,753		1,239,640
Director Engineering Services		651,406	163,476	168,000	54,283		1,037,165
Director Community Services		588,925	183,162	216,000	49,078		1,037,165
Director Corporate & Shared Services		891,603	1,562	144,000			1,037,165
Director Planning & Economic Development		660,611	165,502	156,000	55,052		1,037,165
<i>List of each official with packages >= senior manager</i>							
Director Community Development		635,583	180,617	168,000	52,965		1,037,165
Director Strategic Planning Monitoring & Evaluation		635,583	180,617	168,000	52,965		1,037,165
Director Transport Operations		651,406	163,476	168,000	54,283		1,037,165
Total Senior Managers of the Municipality	-	6,605,667	1,490,353	1,498,608	476,172		10,070,800
Total for municipal entities	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	3	21,839,340	5,105,963	6,333,807	476,172		33,755,282

Table 44 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	76	–	76	76		76	76		76
Board Members of municipal entities	9	–	9	9		9	9		9
Municipal employees	48	36	7	49	32	7	49	36	8
Municipal Manager and Senior Managers	7	–	7	8		7	8		8
Other Managers	41	36	–	41	32		41	36	
Professionals	45	41	3	45	40	4	45	40	4
<i>Finance</i>	7	6	3	7	6	4	7	6	4
<i>Spatial/town planning</i>	9	8	–	9	8		9	8	
<i>Information Technology</i>	1	1	–	1	1		1	1	
<i>Roads</i>	2	2	–	2	2		2	2	
<i>Electricity</i>	2	2	–	2	2		2	2	
<i>Water</i>	2	1	–	2	1		2	1	
<i>Sanitation</i>	2	1	–	2	1		2	1	
<i>Refuse</i>	20	20	–	20	19		20	19	
Technicians	100	100	8	100	90	7	100	90	7
<i>Finance</i>	7	7	5	7	7	4	7	7	4
<i>Spatial/town planning</i>	9	9	–	9	9		9	9	
<i>Information Technology</i>	2	2	3	2	2	3	2	2	3
<i>Roads</i>	10	10	–	10	5		10	5	
<i>Electricity</i>	12	12	–	12	12		12	12	
<i>Water</i>	7	7	–	7	5		7	5	
<i>Sanitation</i>	22	22	–	22	20		22	20	
<i>Refuse</i>	16	16	–	16	15		16	15	
<i>Other</i>	15	15	–	15	15		15	15	
Clerks (Clerical and administrative)	451	446	3	451	334	4	451	355	4
Service and sales workers	193	173	–	193	160		193	160	
Skilled agricultural and fishery workers	17	16	–	17	16		17	16	
Craft and related trades	83	83	–	83	82		83	82	
Plant and Machine Operators	217	202	–	217	182		217	190	
Elementary Occupations	767	698	66	767	614	60	767	635	60
TOTAL PERSONNEL NUMBERS	2 054	1 831	179	2 056	1 582	174	2 056	1 640	176
% increase				0.1%	(13.6%)	(2.8%)	–	3.7%	1.1%
Total municipal employees headcount	1 914	1 603	80	1 914	1 550	75	1 914	1 590	75
Finance personnel headcount	119	98	8	119	112	8	119	120	8
Human Resources personnel headcount	38	33	3	38	29	4	38	31	4

2.8 Monthly targets for revenue, expenditure and cash flow

Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	21,993	26,024	267,951	281,617	295,416
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	53,813	53,813	53,813	53,813	53,813	53,813	53,813	53,813	53,813	53,813	53,813	86,296	678,241	745,979	820,483
Service charges - water revenue	20,365	20,365	20,365	20,365	20,365	20,365	20,365	20,365	20,365	20,365	20,365	31,604	255,616	273,661	292,435
Service charges - sanitation revenue	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	(2,205)	59,243	62,264	65,315
Service charges - refuse revenue	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	3,939	12,372	55,697	59,639	63,740
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,423	18,010	18,896	19,822
Interest earned - external investments	580	580	580	580	580	580	580	580	580	580	580	6,120	12,500	12,500	12,500
Interest earned - outstanding debtors	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	(6,292)	18,000	18,000	18,000
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	503	503	503	503	503	503	503	503	503	503	503	475	6,003	6,310	6,621
Licences and permits	703	703	703	703	703	703	703	703	703	703	703	663	8,399	8,827	9,259
Agency services	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,167	14,770	15,523	16,284
Transfers recognised - operational	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	607,606	687,835	461,965	531,427
Other revenue	35,562	35,562	35,562	35,562	35,562	35,562	35,562	35,562	35,562	35,562	35,562	(350,150)	41,031	42,962	44,917
Gains on disposal of PPE	18	18	18	18	18	18	18	18	18	18	18	6	200	210	220
Total Revenue (excluding capital transfers and contributions)	155,308	155,308	155,308	155,308	155,308	155,308	155,308	155,308	155,308	155,308	155,308	415,107	2,123,495	2,008,353	2,196,439
Expenditure By Type															
Employee related costs	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	51,684	475,230	506,119	539,017
Remuneration of councillors	1,601	1,601	1,601	1,601	1,601	1,601	1,601	1,601	1,601	1,601	1,601	6,077	23,684	25,224	26,864
Debt impairment	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000	50,000	55,000
Depreciation & asset impairment	16,518	16,518	16,518	16,518	16,518	16,518	16,518	16,518	16,518	16,518	16,518	51,001	232,700	244,568	256,552
Finance charges	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	2,379	987	27,155	23,747	21,158
Bulk purchases	51,258	51,258	51,258	51,258	51,258	51,258	51,258	51,258	51,258	51,258	51,258	94,159	658,000	707,000	760,000
Other materials	-	-	-	-	-	-	-	-	-	-	-	89,254	89,254	93,806	98,403
Contracted services	6,965	6,965	6,965	6,965	6,965	6,965	6,965	6,965	6,965	6,965	6,965	16,810	93,428	98,192	103,004
Transfers and grants	20	20	20	20	20	20	20	20	20	20	20	4,920	5,140	5,240	5,240
Other expenditure	20,986	20,986	20,986	20,986	20,986	20,986	20,986	20,986	20,986	20,986	20,986	247,998	478,841	245,754	257,748
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	141,564	141,564	141,564	141,564	141,564	141,564	141,564	141,564	141,564	141,564	141,564	566,225	2,123,432	1,999,651	2,122,985

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Surplus/(Deficit)	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	(151,118)	63	8,702	73,454
Transfers recognised - capital	38,036	38,036	38,036	38,036	38,036	38,036	38,036	38,036	38,036	38,036	38,036	(131,207)	287,188	306,872	347,146
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	(282,325)	287,251	315,574	420,600
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	51,780	(282,325)	287,251	315,574	420,600

Table 46 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	81,649	81,649	81,649	81,649	81,649	81,649	81,649	81,649	81,649	81,649	81,649	117,474	1,015,618	1,105,578	1,203,077
Vote 5 - Community Services	6,883	6,883	6,883	6,883	6,883	6,883	6,883	6,883	6,883	6,883	6,883	15,179	90,889	96,658	102,607
Vote 6 - Community Development	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,035	13,103	13,771	14,446
Vote 7 - Corporate and Shared Services	134	134	134	134	134	134	134	134	134	134	134	1,543	3,012	3,013	3,014
Vote 8 - Planning and Economic Development	5,057	5,057	5,057	5,057	5,057	5,057	5,057	5,057	5,057	5,057	5,057	(42,754)	12,872	13,449	14,063
Vote 9 - Budget and Treasury	98,524	98,524	98,524	98,524	98,524	98,524	98,524	98,524	98,524	98,524	98,524	191,422	1,275,189	1,082,756	1,206,380
Vote 10 - Transport Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	193,344	193,344	193,344	193,344	193,344	193,344	193,344	193,344	193,344	193,344	193,344	283,900	2,410,683	2,315,225	2,543,585
Expenditure by Vote to be appropriated															
Vote 1 - Council	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504	18,150	111,695	125,560	134,457
Vote 2 - Office of the Municipal Manager	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	1,889	5,164	25,943	27,450	29,019
Vote 3 - Strategic Planning Monitoring and Evaluation	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,075	17,077	18,122	19,223
Vote 4 - Engineering Services	74,738	74,738	74,738	74,738	74,738	74,738	74,738	74,738	74,738	74,738	74,738	127,633	949,755	1,015,245	1,085,312
Vote 5 - Community Services	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	46,085	267,251	282,992	299,437
Vote 6 - Community Development	15,455	15,455	15,455	15,455	15,455	15,455	15,455	15,455	15,455	15,455	15,455	26,159	196,163	206,894	217,919
Vote 7 - Corporate and Shared Services	15,728	15,728	15,728	15,728	15,728	15,728	15,728	15,728	15,728	15,728	15,728	(8,349)	164,660	174,691	184,240
Vote 8 - Planning and Economic Development	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	3,686	2,963	43,514	46,150	48,920
Vote 9 - Budget and Treasury	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	18,410	100,391	101,226	103,054
Vote 10 - Transport Operations	1	1	1	1	1	1	1	1	1	1	1	246,978	246,984	1,321	1,403
Total Expenditure by Vote	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	484,268	2,123,432	1,999,651	2,122,985
Surplus/(Deficit) before assoc.	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	(200,368)	287,251	315,574	420,600
Surplus/(Deficit)	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	44,329	(200,368)	287,251	315,574	420,600

Table 47 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard															
Governance and administration	73,733	73,733	73,733	73,733	73,733	73,733	73,733	73,733	73,733	73,733	48,807	492,085	1,278,225	1,085,793	1,209,417
Executive and council	-	-	-	-	-	-	-	-	-	-	(24,926)	24,926	-	-	-
Budget and treasury office	24,926	24,926	24,926	24,926	24,926	24,926	24,926	24,926	24,926	24,926	24,926	25,976	300,166	313,919	327,807
Corporate services	48,807	48,807	48,807	48,807	48,807	48,807	48,807	48,807	48,807	48,807	48,807	441,183	978,059	771,874	881,611
Community and public safety	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,724	21,820	22,901	24,023
Community and social services	197	197	197	197	197	197	197	197	197	197	197	186	2,350	2,470	2,591
Sport and recreation	978	978	978	978	978	978	978	978	978	978	978	923	11,679	12,274	12,876
Public safety	649	649	649	649	649	649	649	649	649	649	649	612	7,752	8,148	8,547
Housing	3	3	3	3	3	3	3	3	3	3	3	3	39	9	9
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	9,007	9,007	9,007	9,007	9,007	9,007	9,007	9,007	9,007	9,007	9,007	(39,028)	60,048	63,065	66,111
Planning and development	6,289	6,289	6,289	6,289	6,289	6,289	6,289	6,289	6,289	6,289	6,289	(41,591)	27,590	28,951	30,325
Road transport	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,552	2,408	30,479	32,034	33,603
Environmental protection	166	166	166	166	166	166	166	166	166	166	166	156	1,979	2,080	2,182
Trading services	83,850	83,850	83,850	83,850	83,850	83,850	83,850	83,850	83,850	83,850	83,850	128,236	1,050,589	1,143,466	1,244,035
Electricity	53,825	53,825	53,825	53,825	53,825	53,825	53,825	53,825	53,825	53,825	53,825	86,307	678,381	746,133	820,653
Water	20,369	20,369	20,369	20,369	20,369	20,369	20,369	20,369	20,369	20,369	20,369	31,609	255,670	273,719	292,496
Waste water management	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	5,586	(2,205)	59,243	62,264	65,315
Waste management	4,070	4,070	4,070	4,070	4,070	4,070	4,070	4,070	4,070	4,070	4,070	12,525	57,296	61,351	65,570
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	168,418	168,418	168,418	168,418	168,418	168,418	168,418	168,418	168,418	168,418	143,491	583,017	2,410,683	2,315,225	2,543,585
		228,728	228,728	228,728	228,728	228,728	228,728	228,728	228,728	228,728	178,876				

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure - Standard															
Governance and administration	36,396	36,396	36,396	36,396	36,396	36,396	36,396	36,396	36,396	36,396	36,396	39,345	439,702	468,106	492,208
Executive and council	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	7,825	19,114	105,187	118,718	127,278
Budget and treasury office	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	7,453	18,410	100,391	101,226	103,054
Corporate services	21,119	21,119	21,119	21,119	21,119	21,119	21,119	21,119	21,119	21,119	21,119	1,820	234,125	248,162	261,876
Community and public safety	28,452	28,452	28,452	28,452	28,452	28,452	28,452	28,452	28,452	28,452	28,452	45,635	358,605	379,072	400,305
Community and social services	6,117	6,117	6,117	6,117	6,117	6,117	6,117	6,117	6,117	6,117	6,117	12,272	79,562	84,267	89,185
Sport and recreation	10,554	10,554	10,554	10,554	10,554	10,554	10,554	10,554	10,554	10,554	10,554	16,991	133,082	140,173	147,414
Public safety	10,409	10,409	10,409	10,409	10,409	10,409	10,409	10,409	10,409	10,409	10,409	17,931	132,434	140,249	148,417
Housing	876	876	876	876	876	876	876	876	876	876	876	(2,095)	7,537	8,014	8,521
Health	496	496	496	496	496	496	496	496	496	496	496	537	5,991	6,368	6,768
Economic and environmental services	10,710	10,710	10,710	10,710	10,710	10,710	10,710	10,710	10,710	10,710	10,710	253,332	371,147	132,612	140,100
Planning and development	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	3,748	5,783	47,008	49,856	52,848
Road transport	6,406	6,406	6,406	6,406	6,406	6,406	6,406	6,406	6,406	6,406	6,406	236,708	307,172	64,843	68,362
Environmental protection	557	557	557	557	557	557	557	557	557	557	557	10,841	16,967	17,913	18,890
Trading services	73,457	73,457	73,457	73,457	73,457	73,457	73,457	73,457	73,457	73,457	73,457	145,957	953,978	1,019,861	1,090,372
Electricity	47,294	47,294	47,294	47,294	47,294	47,294	47,294	47,294	47,294	47,294	47,294	68,440	588,677	633,672	681,839
Water	17,401	17,401	17,401	17,401	17,401	17,401	17,401	17,401	17,401	17,401	17,401	59,963	251,369	265,705	281,241
Waste water management	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	3,968	9,295	52,944	56,004	59,187
Waste management	4,794	4,794	4,794	4,794	4,794	4,794	4,794	4,794	4,794	4,794	4,794	8,258	60,989	64,480	68,105
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	149,015	484,268	2,123,432	1,999,651	2,122,985
Surplus/(Deficit) before assoc.	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	(5,524)	98,749	287,251	315,574
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	19,403	(5,524)	98,749	287,251	315,574

Table 48 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Multi-year expenditure to be appropriated</u>															
Vote 6 - Community Development	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	16,000	18,000	15,000
Capital multi-year expenditure sub-total	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	16,000	18,000	15,000
<u>Single-year expenditure to be appropriated</u>															
Vote 4 - Engineering Services	21,112	21,112	21,112	21,112	21,112	21,112	21,112	21,112	21,112	21,112	21,112	21,112	253,338	288,872	332,146
Vote 5 - Community Services	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	16,850	-	-
Vote 6 - Community Development	83	83	83	83	83	83	83	83	83	83	83	83	1,000	-	-
Capital single-year expenditure sub-total	22,599	22,599	22,599	22,599	22,599	22,599	22,599	22,599	22,599	22,599	22,599	22,599	271,188	288,872	332,146
Total Capital Expenditure	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	287,188	306,872	347,146

Table 49 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000	18,000	15,000
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000	18,000	15,000
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	53,000	96,000	61,000
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	53,000	96,000	61,000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	18,099	18,099	18,099	18,099	18,099	18,099	18,099	18,099	18,099	18,099	18,099	18,099	217,188	192,872	271,146
Electricity	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000	40,000	60,000
Water	9,612	9,612	9,612	9,612	9,612	9,612	9,612	9,612	9,612	9,612	9,612	9,612	115,338	92,872	161,146
Waste water management	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000	60,000	50,000
Waste management	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	16,850	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	23,932	287,188	306,872	347,146

Table 50 MBRR SA30 - Budgeted monthly cash flow**LIM354 Polokwane - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source														1 248 982	263 921	279 756
Property rates	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	20 749	982	263 921	279 756
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	47 311	567 737	601 801	637 910
Service charges - water revenue	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	17 095	205 144	217 453	230 500
Service charges - sanitation revenue	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	4 241	50 889	53 943	57 179
Service charges - refuse revenue	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	3 716	44 590	47 265	50 101
Service charges - other	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	8 411	100 936	106 992	113 412
Rental of facilities and equipment	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	17 071	18 095	19 181
Interest earned - external investments	723	723	723	723	723	723	723	723	723	723	723	723	723	8 677	6 960	6 960
Interest earned - outstanding debtors	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	25 000	26 500	28 090
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	474	474	474	474	474	474	474	474	474	474	474	474	474	5 689	6 030	6 392
Licences and permits	663	663	663	663	663	663	663	663	663	663	663	663	663	7 961	8 438	8 945
Agency services	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	14 000	14 840	15 730
Transfer receipts - operational	168 648		800	1 091	128 117			1 091	97 058				–	396 805	426 743	453 544
Other revenue	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	5 654	67 851	64 501	68 370
Gains on disposal of PPE	17	17	17	17	17	17	17	17	17	17	17	17		200	212	225
Cash Receipts by Source	282 375	113 727	114 527	114 818	241 844	113 727	113 727	114 818	210 785	113 727	113 727	113 711		1 761 533	1 863 695	1 976 295

Other Cash Flows by Source															
Transfer receipts - capital	189 101	2 000	4 723	44 901	7 000	2 000	2 000	49 901	80 037	-	-	-	381	456 431	274 215
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	663	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	250	250	250	250	250	250	250	250	250	250	250	250	3	5 000	2 000
Decrease (Increase) in non-current debtors	167	167	167	167	167	167	167	167	167	167	167	167	2	2 000	2 000
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	471 893	116 144	119 667	160 136	249 261	116 144	116 144	165 136	291 239	114 144	114 144	114 127	2 148 196	2 327 126	2 254 510
Cash Payments by Type															
Employee related costs	36 047	36 047	36 047	36 047	36 047	36 047	36 047	36 047	36 047	36 047	36 047	36 047	432	458 514	486 025
Remuneration of councillors	1 788	1 788	1 788	1 788	1 788	1 788	1 788	1 788	1 788	1 788	1 788	1 788	21	22 743	24 108
Finance charges							15 743					15 743	31	28 547	25 791
Bulk purchases - Electricity	61 406	61 406	30 703	30 703	30 703	29 703	29 703	30 703	30 703	30 703	32 703	61 407	460	488 179	517 469
Bulk purchases - Water & Sewer	8 978	8 978	8 978	10 978	10 978	10 978	10 978	10 978	10 978	8 978	8 978	8 978	119	126 920	134 535
Other materials	7 029	7 029	7 029	7 029	7 029	7 029	7 029	7 029	7 029	7 029	7 029	7 029	84	89 407	94 770
Contracted services	6 571	6 571	6 571	6 571	6 571	6 571	6 571	6 571	6 571	6 571	6 571	6 571	78	83 583	88 598
Transfers and grants - other municipalities												-			
Transfers and grants - other	270	270	270	270	270	270	270	270	270	270	270	270	3	240	240
Other expenditure	17 574	17 574	17 574	17 574	17 574	17 574	17 574	17 574	17 574	17 574	17 574	17 574	210	251 829	273 511
Cash Payments by Type	139 663	139 663	108 960	110 960	110 960	109 960	125 703	110 960	110 960	108 960	110 960	155 407	1 443 110	1 549 963	1 645 047

Other Cash Flows/Payments by Type															
Capital assets	40 423	40 423	40 423	40 423	40 423	40 423	40 423	40 423	40 423	40 423	40 423	40 423	485 070	531 947	355 352
Repayment of borrowing	–	–	–	–	–	–	13 254	–	–	–	–	13 253	26 507	29 117	31 826
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	180 085	180 085	149 382	151 382	151 382	150 382	179 379	151 382	151 382	149 382	151 382	209 082	1 954 687	2 111 027	2 032 225
NET INCREASE/(DECREASE) IN CASH HELD	291 808	(63 941)	(29 715)	8 754	97 879	(34 238)	(63 235)	13 754	139 857	(35 238)	(37 238)	(94 955)	193 509	216 100	222 285
Cash/cash equivalents at the month/year begin:	10 000	301 808	237 867	208 152	216 906	314 785	280 547	217 312	231 066	370 923	335 685	298 447	10 000	203 509	419 608
Cash/cash equivalents at the month/year end:	301 808	237 867	208 152	216 906	314 785	280 547	217 312	231 066	370 923	335 685	298 447	203 492	203 509	419 608	641 893

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Services Department

Table 51 Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
Property rates - penalties & collection charge	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	369,140	415,805	556,892	609,206	650,206	650,206	678,241	745,979	820,483
Service charges - water revenue	116,277	123,973	165,503	230,544	248,544	248,544	255,616	273,661	292,435
Service charges - sanitation revenue	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
Service charges - refuse revenue	38,556	42,523	46,795	44,589	50,589	50,589	55,697	59,639	63,740
Service charges - other	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	5,655	3,620	5,102	17,071	17,071	10,442	18,010	18,896	19,822
Interest earned - external investments	32,236	3,000	24,554	8,677	8,677	8,677	12,500	12,500	12,500
Interest earned - outstanding debtors	17,101	19,066	17,678	25,000	25,000	25,000	18,000	18,000	18,000
Dividends received	–	–	–	–	–	–	–	–	–
Fines	2,831	4,774	4,497	5,689	5,689	5,656	6,003	6,310	6,621
Licences and permits	8,034	8,385	8,234	7,961	7,961	7,961	8,399	8,827	9,259
Agency services	9,769	12,000	13,827	14,000	14,000	14,000	14,770	15,523	16,284
Transfers recognised - operational	270,961	357,269	374,703	507,054	493,795	495,295	687,835	461,965	531,427
Other revenue	40,550	30,918	68,781	89,569	92,569	71,181	41,031	42,962	44,917
Gains on disposal of PPE	2,493	20	246	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1,121,520	1,274,935	1,555,548	1,871,782	1,934,523	1,906,015	2,123,495	2,008,353	2,196,439
Expenditure By Type									
Employee related costs	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
Remuneration of councillors	15,110	18,447	17,678	21,467	21,467	19,236	23,684	25,224	26,864
Debt impairment	(2,392)	6,700	38,192	40,000	40,000	40,000	40,000	50,000	55,000
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Finance charges	23,627	5,800	29,427	31,486	31,486	31,486	27,155	23,747	21,158
Bulk purchases	314,831	415,588	518,797	580,282	587,546	587,546	658,000	707,000	760,000
Other materials	86,782	90,904	96,881	84,348	89,254	89,177	89,254	93,806	98,403
Contracted services	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
Transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Other expenditure	237,597	159,380	225,906	210,886	232,926	206,562	478,841	245,754	257,748
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	1,133,446	1,213,741	1,623,459	1,670,108	1,773,669	1,731,698	2,123,432	1,999,651	2,122,985

Total Capital Expenditure

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard									
Governance and administration	36,205	16,120	28,416	6,500	8,557	8,557	–	–	–
Executive and council	–	–	–	–	350	350	–	–	–
Budget and treasury office	128	2,763	6,022	–	50	50	–	–	–
Corporate services	36,077	13,357	22,394	6,500	8,157	8,157	–	–	–
Community and public safety	406,383	35,303	5,125	200	2,169	2,169	17,000	18,000	15,000
Community and social services	6,228	2,249	726	–	1,006	1,006	–	–	–
Sport and recreation	393,355	13,714	4,369	–	513	513	17,000	18,000	15,000
Public safety	5,781	19,340	–	–	600	600	–	–	–
Housing	990	–	29	200	50	50	–	–	–
Health	29	–	–	–	–	–	–	–	–
Economic and environmental services	198,027	85,092	135,615	250,303	190,056	190,056	53,000	96,000	61,000
Planning and development	21,136	12,238	21,516	109,453	10,393	10,393	–	–	–
Road transport	176,559	72,818	114,099	140,850	179,663	179,663	53,000	96,000	61,000
Environmental protection	331	35	–	–	–	–	–	–	–
Trading services	256,567	151,371	185,348	228,067	333,022	335,018	217,188	192,872	271,146
Electricity	21,387	51,788	58,652	40,000	59,256	61,252	45,000	40,000	60,000
Water	207,859	59,959	107,181	156,667	222,912	222,912	115,338	92,872	161,146
Waste water management	24,116	38,995	19,169	31,400	50,853	50,853	40,000	60,000	50,000
Waste management	3,205	629	346	–	–	–	16,850	–	–
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	897,181	287,886	354,503	485,070	533,804	535,800	287,188	306,872	347,146

2.11 Contracts having future budgetary implications

2.12 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	430,894	236,704	299,101	233,367	324,155	324,155	217,188	192,872	271,146
Infrastructure - Road transport	181,833	72,818	114,099	1,100	3,229	3,229	-	-	-
Roads, Pavements & Bridges	181,833	72,818	114,099	1,100	2,199	2,199			
Storm water	-	-	-	-	1,030	1,030	-	-	-
Infrastructure - Electricity	97,616	64,932	58,652	88,221	92,586	92,586	45,000	40,000	60,000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	97,616	64,932	58,652	88,221	92,586	92,586	45,000	40,000	60,000
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	78,569	59,959	107,181	92,000	164,647	164,647	109,000	123,000	102,500
Reticulation	78,569	59,959	107,181	92,000	164,647	164,647	109,000	123,000	102,500
Infrastructure - Sanitation	72,877	38,995	19,169	30,100	48,556	48,556	46,338	29,872	108,646
Reticulation	-	-	-	-	19,156	19,156	-	-	-
Sewerage purification	72,877	38,995	19,169	30,100	29,400	29,400	46,338	29,872	108,646
Infrastructure - Other	-	-	-	21,946	15,137	15,137	16,850	-	-
Waste Management	-	-	-	-	-	-	16,850		
Gas	-	-	-	21,946	15,137	15,137			
Community	-	-	5,000	-	18,442	20,088	9,000	9,000	9,000
Parks & gardens	-	-	4,237	-	397	397	-	-	-
Sportsfields & stadia	-	-	37	-	205	205	9,000	9,000	9,000
Community halls	-	-	82	-	-	-	-	-	-
Recreational facilities	-	-	-	-	28	28	-	-	-
Fire, safety & emergency	-	-	-	-	350	-	-	-	-
Security and policing	-	-	-	-	9,095	9,095	-	-	-
Cemeteries	-	-	644	-	216	-	-	-	-
Social rental housing	-	-	-	-	8,151	10,147	-	-	-
Other	-	-	-	-	-	216	-	-	-
Other assets	466,287	51,182	50,402	251,703	191,207	191,557	-	-	-
General vehicles	-	-	-	-	450	450	-	-	-
Specialised vehicles	-	-	-	-	350	350	-	-	-
Plant & equipment	-	-	-	-	1,050	1,050	-	-	-
Computers - hardware/equipment	-	-	13,469	-	617	617	-	-	-
Furniture and other office equipment	-	-	-	450	400	400	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	3,587	3,587	-	-	-
Civic Land and Buildings	-	-	-	109,453	4,940	4,940	-	-	-
Other Buildings	3,925	629	2,437	750	3,002	3,002	-	-	-
Other	462,362	50,553	34,496	141,050	176,811	177,161	-	-	-
Total Capital Expenditure on new assets	897,181	287,886	354,503	485,070	533,804	535,800	226,188	201,872	280,146

Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	53,000	96,000	61,000
Infrastructure - Road transport	-	-	-	-	-	-	53,000	96,000	61,000
Roads, Pavements & Bridges	-	-	-	-	-	-	53,000	96,000	61,000
Storm water	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	8,000	9,000	6,000
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	8,000	9,000	6,000
Total Capital Expenditure on renewal of existing assets	-	-	-	-	-	-	61,000	105,000	67,000

Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	70,761	75,309	74,096	53,164	54,471	54,471	54,471	52,333	54,897
Infrastructure - Road transport	15,657	21,374	19,520	10,265	10,265	10,265	10,265	8,560	8,980
Roads, Pavements & Bridges	14,980	20,501	19,520	8,145	8,145	8,145	8,145	8,560	8,980
Storm water	677	873	–	2,120	2,120	2,120	2,120	–	–
Infrastructure - Electricity	21,123	22,367	17,315	16,698	18,005	18,005	18,005	16,295	17,094
Generation	–	–	–	–	–	–	–	–	–
Transmission & Reticulation	18,704	20,037	17,315	14,198	15,505	15,505	15,505	16,295	17,094
Street Lighting	2,419	2,330	–	2,500	2,500	2,500	2,500	–	–
Infrastructure - Water	24,540	24,657	31,628	21,148	21,148	21,148	21,148	22,227	23,316
Dams & Reservoirs	5,356	6,261	31,628	18,148	18,148	18,148	18,148	22,227	23,316
Water purification	2,649	2,321	–	3,000	3,000	3,000	3,000	–	–
Reticulation	16,535	16,074	–	–	–	–	–	–	–
Infrastructure - Sanitation	4,817	3,918	5,633	4,996	4,996	4,996	4,996	5,250	5,508
Reticulation	3,466	2,898	5,633	3,574	3,574	3,574	3,574	5,250	5,508
Sewerage purification	1,351	1,019	–	1,422	1,422	1,422	1,422	–	–
Infrastructure - Other	4,624	2,994	–	58	58	58	58	–	–
Waste Management	4,624	2,994	–	58	58	58	58	–	–
Community	16,021	19,992	22,785	31,183	34,783	34,783	34,783	41,474	43,506
Parks & gardens	1,947	3,619	–	3,574	3,574	3,574	3,574	–	–
Sportsfields & stadia	2,404	4,292	–	7,862	11,462	11,462	11,462	–	–
Swimming pools	252	186	–	222	222	222	222	–	–
Community halls	359	302	–	66	66	66	66	–	–
Libraries	420	492	–	113	113	113	113	–	–
Fire, safety & emergency	1,423	1,153	–	1,504	1,504	1,504	1,504	–	–
Security and policing	1,752	2,192	–	640	640	640	640	–	–
Clinics	–	–	–	1	1	1	1	–	–
Museums & Art Galleries	417	279	–	53	53	53	53	–	–
Cemeteries	134	128	–	30	30	30	30	–	–
Social rental housing	0	–	–	–	–	–	–	–	–
Other	6,912	7,351	22,785	17,119	17,119	17,119	17,119	41,474	43,506
Total Repairs and Maintenance Expenditure	86,782	95,301	96,881	84,348	89,254	89,254	89,254	93,806	98,403

Table 55 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2013/14 Medium Term Revenue &			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
R thousand							
Capital expenditure							
Vote 1 - Council	-	-	-				
Vote 2 - Office of the Municipal Manager	-	-	-				
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-				
Vote 4 - Engineering Services	253,338	288,872	332,146				
Vote 5 - Community Services	16,850	-	-				
Vote 6 - Community Development	17,000	18,000	15,000				
Vote 7 - Corporate and Shared Services	-	-	-				
Vote 8 - Planning and Economic Development	-	-	-				
Vote 9 - Budget and Treasury	-	-	-				
Vote 10 - Transport Operations	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	287,188	306,872	347,146	-	-	-	-
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	287,188	306,872	347,146	-	-	-	-

Table 56 MBRR SA37 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Project name	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
			Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand		Year					
Parent municipality:							
Energy Services	Electrification of 9600 households				35,000	35,000	60,000
	Consumer connections				5,000	6,000	7,000
	Installation of Additional Cable from Sigma to Hospital sub (third cable)				–	5,500	–
	Upgrade 800A Busbars to 1200A in Alpha 66KV Distribution substation				–	31,500	25,000
	Build Bakone 66KV intake substation				–	20,800	10,000
	Install fourth 20MVA transformer in Delta				1,500	–	–
	Build 66KV/11KV Tweefontein substation				–	32,000	30,000
	Smart metering				–	32,000	100,000
	Demand Side Management (DSM)				10,000	5,000	–
	Plant and Equipment				–	800	300
	Total				51,500	168,600	232,300
Sanitation	Upgrading of laboratory				500	–	–
	Rural household sanitation				40,000	60,000	50,000
	Consumer connections				1,500	1,500	15,000
	Cleaning of Oxidation ponds				–	10,000	5,000
	Upgrade PWWTP				–	–	–
	Extension 78 bulk reticulation				1,000	28,060	1,000
	Sewer regional plant				–	64,000	50,000
	Total				43,000	163,560	121,000
Water Supply and reticulation	Mothapo RWS				10,000	10,000	8,000
	Molete East RWS				10,000	10,000	10,000
	Molete North RWS				2,000	2,000	2,000
	Molete South RWS				10,000	10,000	8,000
	Houtrivier RWS				9,000	9,000	5,000
	Chuene Maja RWS				8,000	5,000	4,000
	Molepo RWS				9,000	10,000	7,000
	Laastehoop RWS				3,000	3,000	3,500

Municipal Vote/Capital project	Project name	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
			Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand		Year					
Parent municipality:							
Water Supply and reticulation	Mmotong wa perikisi				20,000	3,000	4,000
	Mankweng RWS				15,000	10,000	10,000
	Boyne RWS				7,000	5,000	4,000
	Segwasi RWS				1,000	1,000	1,000
	Badimong RWS				10,000	18,000	15,000
	Sebayeng/Dikgale RWS				15,000	30,000	25,000
	Scada system boreholes				–	5,000	3,000
	Extension 78 bulk reticulation				1,000	43,000	–
	Refurbishment of infrastructure				–	10,000	6,000
	Consumer connections				2,500	2,500	2,200
	Upgrading of water reticulation in City cluster				10,000	25,000	25,000
	Prepaid water meters				2,000	4,000	4,000
	Roodepoort reservoir				1,000	50,000	35,000
	Pressure reservoir SDA3				–	10,000	–
	Clock machines				–	700	
	Total				145,500	276,200	181,700
Transport Infrastructure Services	Upgrading of arterial road Mamatsha				10,000	15,000	–
	Upgrading of arterial road Makotopong				10,000	16,000	16,000
	Upgrading of arterial road Khohloane				10,000	10,000	–
	Upgrading of arterial road D3413 from D19 (Mamadila to Ramakgaphola: D3414 to Ga Manamela)				10,000	15,000	15,000
	Upgrading of Arterial road D977 (Silicon to Matobole 19km)				1,500	15,000	10,000
	Upgrading of Arterial road D4030 & D1809 (Nobody to Laastehoop to Mothapo 17km)				1,500	15,000	15,000
	Upgrading of arterial road Sebayeng to Dikgale				10,000	10,000	5,000
	Rehabilitation of street in Polokwane West				10,000	40,000	45,000
	Rehabilitation of street in Polokwane East				10,000	40,000	45,000
	Rehabilitation of street in Mankweng				10,000	15,000	15,000
	Rehabilitation of street in Seshego				10,000	20,000	25,000
	Rehabilitation of main arterial road				10,000	20,000	15,000

Municipal Vote/Capital project	Project name	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
			Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand		Year					
Parent municipality:							
Transport Infrastructure Services	Routine road maintenance				10,000	20,000	25,000
	Re-gravelling of rural roads				10,000	20,000	25,000
	Side walks maintenance				–	800	1,500
	Planning for NMT along Nelson Mandela				1,500	1,500	2,000
	Upgrading of access road SDA 1 (Lethuli and Madiba				1,000	15,000	6,000
	Polokwane Inter Modal Facilities				–	–	–
	Extended Public Works Programme				–	–	–
	Installation of traffi lights				–	4,400	2,000
	Construction of low level bridges				2,200	2,000	2,000
	Total				127,700	294,700	269,500
ommunity Developmen	Upgrading of Seshego Stadium				7,000	7,000	4,000
	Upgrading of Ga- Manamela Sport Field				1,000	2,000	2,000
	Construction of Ga-Molepo/Maja Sport Complex				1,000	2,000	2,000
	Construction Mankweng Sport Complex MIG				7,000	7,000	7,000
	Sebayeng Outdoor Sport facilities				1,000	–	–
	Purchase of Grass Cutting equipment				1,000	500	500
	Total				18,000	18,500	15,500
Disaster and Fire	Acquisition of fire Equipment				3,314	–	–
	Breathing Apparatus				371	–	–
	Total				3,685	–	–
Waste Management	Waste 6m3 skip containers				850	–	–
	Connection of water and electrification of the guard house (Mankweng Transfer Station)				1,000	–	–
	Rural transfer station(MIG)				8,000	–	–
	Total				9,850	–	–
Environmental Mangement	Development of Tom Naude Dam				1,000	–	–
	Development of Ext 44/71 park				4,000	–	–
	Development of Sterpark botanical garden				4,000	–	–
	Total				9,000	–	–
	Total capital projects				408,235	921,560	820,000

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic and hardcopy format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed eight interns undergoing training in various divisions of the Financial Services Department. Of the eight interns one has resigned and joined another municipality on a permanent basis and the other two have been retained as contract workers after their internship contracts expired. We currently have five (5) Finance interns whom we appointed on the 2nd April 2012.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents and tariffs

Table 57 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
<i>less Revenue Foregone</i>									
Net Property Rates	173,595	209,500	229,423	248,982	253,982	253,982	267,951	281,617	295,416
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	369,140	415,805	556,892	609,206	650,206	650,206	678,241	745,979	820,483
<i>less Revenue Foregone</i>									
Net Service charges - electricity revenue	369,140	415,805	556,892	609,206	650,206	650,206	678,241	745,979	820,483
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	116,277	123,973	165,503	230,544	248,544	248,544	255,616	273,661	292,435
<i>less Revenue Foregone</i>									
Net Service charges - water revenue	116,277	123,973	165,503	230,544	248,544	248,544	255,616	273,661	292,435
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
<i>less Revenue Foregone</i>									
Net Service charges - sanitation revenue	34,322	44,082	39,311	63,239	66,239	64,281	59,243	62,264	65,315
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	38,556	42,523	46,795	44,589	50,589	50,589	55,697	59,639	63,740
Total landfill revenue									
<i>less Revenue Foregone</i>	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	38,556	42,523	46,795	44,589	50,589	50,589	55,697	59,639	63,740
<u>Other Revenue by source</u>									
List other revenue by source	40,550	30,918	68,781	89,569	92,569	71,181	41,031	42,962	44,917
Total 'Other' Revenue	40,550	30,918	68,781	89,569	92,569	71,181	41,031	42,962	44,917
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Other benefits and allowances	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
sub-total	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
<u>Less: Employees costs capitalised to PPE</u>	-	-	-	-	-	-	-	-	-
Total Employee related costs	310,219	347,526	384,940	432,550	396,022	393,950	475,230	506,119	539,017
<u>Contributions recognised - capital</u>									
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>									
Depreciation of Property, Plant & Equipment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	244,568	256,552

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Bulk purchases									
Electricity Bulk Purchases	229,752	314,000	402,772	460,546	466,106	466,106	500,000	540,000	583,000
Water Bulk Purchases	85,079	101,588	116,025	119,736	121,440	121,440	158,000	167,000	177,000
Total bulk purchases	314,831	415,588	518,797	580,282	587,546	587,546	658,000	707,000	760,000
Transfers and grants									
Cash transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	220	400	6,122	3,240	5,540	4,740	5,140	5,240	5,240
Contracted services									
[Default]	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
sub-total	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
Allocations to organs of state:									
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total contracted services	39,683	56,302	74,263	78,852	93,428	83,033	93,428	98,192	103,004
Other Expenditure By Type									
General expenses	237,597	159,380	225,906	210,886	232,926	206,562	478,841	245,754	257,748
List Other Expenditure by Type									
Total 'Other' Expenditure	237,597	159,380	225,906	210,886	232,926	206,562	478,841	245,754	257,748

Table 58 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Strategic Planning Monitoring and Evaluation	Vote 4 - Engineering Services	Vote 5 - Community Services	Vote 6 - Community Development	Vote 7 - Corporate and Shared Services	Vote 8 - Planning and Economic Development	Vote 9 - Budget and Treasury	Vote 10 - Transport Operations	Total
R thousand											
Revenue By Source											
Property rates	-	-	-	-	-	-	-	-	267,951	-	267,951
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	678,241	-	-	-	-	-	-	678,241
Service charges - water revenue	-	-	-	255,616	-	-	-	-	-	-	255,616
Service charges - sanitation revenue	-	-	-	59,243	-	-	-	-	-	-	59,243
Service charges - refuse revenue	-	-	-	-	55,697	-	-	-	-	-	55,697
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	1,349	12,297	-	4,363	-	-	18,010
Interest earned - external investments	-	-	-	-	-	-	-	-	12,500	-	12,500
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	18,000	-	18,000
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	57	5,846	100	-	-	-	-	6,003
Licences and permits	-	-	-	-	8,203	-	-	106	90	-	8,399
Agency services	-	-	-	-	14,770	-	-	-	-	-	14,770
Other revenue	-	-	-	22,461	5,024	705	3,012	8,403	1,425	-	41,031
Transfers recognised - operational	-	-	-	-	-	-	-	-	687,835	-	687,835
Gains on disposal of PPE	-	-	-	-	-	-	-	-	200	-	200
Total Revenue (excluding capital transfers and contributions)	-	-	-	1,015,618	90,889	13,103	3,012	12,872	988,001	-	2,123,495
Expenditure By Type											
Employee related costs	2,592	13,216	12,494	115,135	151,811	52,114	60,423	29,908	36,499	1,037	475,230
Remuneration of councillors	23,684	-	-	-	-	-	-	-	-	-	23,684
Debt impairment	40,000	-	-	-	-	-	-	-	-	-	40,000
Depreciation & asset impairment	440	4,557	2,080	89,792	26,925	86,223	11,538	7,643	3,502	-	232,700
Finance charges	-	-	-	-	-	-	-	-	27,155	-	27,155
Bulk purchases	-	-	-	658,000	-	-	-	-	-	-	658,000
Other materials	-	5	3	54,413	7,669	15,050	12,056	40	18	-	89,254
Contracted services	-	3,134	732	7,812	56,551	4,729	780	1,900	17,789	-	93,428

Description	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Strategic Planning Monitoring and Evaluation	Vote 4 - Engineering Services	Vote 5 - Community Services	Vote 6 - Community Development	Vote 7 - Corporate and Shared Services	Vote 8 - Planning and Economic Development	Vote 9 - Budget and Treasury	Vote 10 - Transport Operations	Total
R thousand											
Transfers and grants	5,140	–	–	–	–	–	–	–	–	–	5,140
Other expenditure	39,838	5,030	1,768	24,602	24,294	38,047	79,863	4,024	15,429	245,947	478,841
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	111,695	25,943	17,077	949,755	267,251	196,163	164,660	43,514	100,391	246,984	2,123,432
Surplus/(Deficit)	(111,695)	(25,943)	(17,077)	65,862	(176,361)	(183,060)	(161,648)	(30,642)	887,610	(246,984)	63
Transfers recognised - capital	–	–	–	–	–	–	–	–	287,188	–	287,188
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(111,695)	(25,943)	(17,077)	65,862	(176,361)	(183,060)	(161,648)	(30,642)	1,174,798	(246,984)	287,251

Table 59 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	59,000	219,993	223,808	299,137	299,137	299,137	200,000	200,000	200,000
Other current investments > 90 days	–	–	59,000	–	–	–	59,000	59,000	59,000
Total Call investment deposits	59,000	219,993	282,808	299,137	299,137	299,137	259,000	259,000	259,000
Consumer debtors									
Consumer debtors	260,386	339,359	431,800	380,000	380,000	380,000	457,000	517,000	567,000
Less: Provision for debt impairment	(106,736)	(145,857)	(168,347)	(185,857)	(185,857)	(185,857)	(208,000)	(253,000)	(298,000)
Total Consumer debtors	153,650	193,502	263,453	194,143	194,143	194,143	249,000	264,000	269,000
Debt impairment provision									
Balance at the beginning of the year				145,857					
Contributions to the provision				40,000					
Bad debts written off									
Balance at end of year	–	–	–	185,857	–	–	–	–	–
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5,247,252	5,532,526	6,254,923	7,082,234	7,130,968	7,130,968	7,075,915	7,382,787	7,729,933
Leases recognised as PPE	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	305,393	476,934	681,410	725,385	725,385	725,385	1,190,110	1,434,678	1,691,230
Total Property, plant and equipment (PPE)	4,941,858	5,055,592	5,573,513	6,356,849	6,405,583	6,405,583	5,885,805	5,948,109	6,038,703
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)			2,597	–	–	–	–	–	–
Current portion of long-term liabilities	6,517	30,548	35,808	26,507	26,507	26,507	36,363	36,806	37,509
Total Current liabilities - Borrowing	6,517	30,548	38,405	26,507	26,507	26,507	36,363	36,806	37,509
Trade and other payables									
Trade and other creditors	228,954	180,309	218,419	200,000	200,000	200,000	200,000	200,000	200,000
Unspent conditional transfers	79,022	166,832	174,567	100,000	100,000	100,000	100,000	100,000	100,000
VAT	–	–	–	–	–	–	–	–	–
Total Trade and other payables	307,976	347,141	392,986	300,000	300,000	300,000	300,000	300,000	300,000
Non current liabilities - Borrowing									
Borrowing	47,908	254,481	298,588	310,169	310,169	310,169	225,862	188,613	150,401
Finance leases (including PPP asset element)	6,566	2,597	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing	54,474	257,078	298,588	310,169	310,169	310,169	225,862	188,613	150,401
Provisions - non-current									
Retirement benefits	124,946	138,685	154,438	144,185	144,185	144,185	185,838	201,538	217,238
List other major provision items									
Refuse landfill site rehabilitation	2,770	3,047	3,351	3,700	3,700	3,700	4,055	4,460	4,907
Other	14,459	17,078	19,963	20,152	20,152	20,152	22,847	25,131	27,415
Total Provisions - non-current	142,174	158,810	177,752	168,037	168,037	168,037	212,740	231,129	249,560
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	4,007,506	4,204,457	4,548,732	5,376,471	5,366,088	5,369,898	4,799,050	4,867,355	4,876,408
GRAP adjustments	–	–	–	–	–	–	–	–	–
Restated balance	4,007,506	4,204,457	4,548,732	5,376,471	5,366,088	5,369,898	4,799,050	4,867,355	4,876,408
Surplus/(Deficit)	385,441	292,308	175,030	485,595	544,712	553,902	287,251	315,574	420,600
Appropriations to Reserves	–	–	–	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–	–	–	–
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	4,392,947	4,496,765	4,723,762	5,862,066	5,910,800	5,923,800	5,086,301	5,182,929	5,297,008
Reserves									
Housing Development Fund	10,969	11,155	11,248	11,250	11,250	11,250	11,434	11,527	11,620
Capital replacement	–	–	–	–	–	–	–	–	–
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	–
Revaluation	359,566	347,827	770,839	347,827	347,827	347,827	770,839	770,839	770,839
Total Reserves	370,534	358,983	782,086	359,077	359,077	359,077	782,273	782,366	782,459
TOTAL COMMUNITY WEALTH/EQUITY	4,763,481	4,855,748	5,505,849	6,221,143	6,269,877	6,282,877	5,868,574	5,965,295	6,079,467

Table 60 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population			508	562	573	579	638	638	638	638	638
Females aged 5 - 14											
Males aged 5 - 14											
Females aged 15 - 34											
Males aged 15 - 34											
Unemployment											
Household/demographics (000)											
Number of people in municipal area			508,277	561,772	573	579	638	638	638	638	638
Number of poor people in municipal area											
Number of households in municipal area			124,978	130,361	130	130	130	157	157	157	157
Number of poor households in municipal area											
Definition of poor household (R per month)											
Housing statistics											
Formal			99,107	110,285	110,285	110,285	110,285	135,688	135,688	135,688	135,688
Informal			25,871	20,076	20,076	20,076	20,076	20,878	20,878	20,878	20,878
Total number of households		-	124,978	130,361	130,361	130,361	130,361	156,566	156,566	156,566	156,566
Dwellings provided by municipality											
Dwellings provided by province/s											
Dwellings provided by private sector											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)					6.2%	5.4%	6.0%	6.0%	5.5%	5.1%	4.9%
Interest rate - borrowing					17.0%	17.0%	8.8%	8.8%	5.1%	5.1%	5.1%
Interest rate - investment					11.5%	8.5%	7.5%				
Remuneration increases					8.3%	8.5%	6.0%	6.0%	6.8%	5.1%	4.9%
Consumption growth (electricity)					2.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Consumption growth (water)					2.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Collection rates											
Property tax/service charges					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 61 MBRR PHA Budget

DESCRIPTION	Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
INCOME					
Rental Income	12,120,852	5,224,470	10,308,110	2,000,000	12,308,110
Admin Fee	16,800	20,800	20,000	37,800	57,800
Grant- Municipality	3,000,000	3,000,000	4,900,000		4,900,000
Grant - SPSH					
Interest Received	5,000	13,583	60,000	5,000	65,000
Bad debt recovered	750,000	-			-
Recoveries					-
TOTAL OPERATIONAL INCOME	15,892,652	8,258,853	15,288,110	2,042,800	17,330,910
TOTAL INCOME	15,892,652	8,258,853	15,288,110	2,042,800	17,330,910
EXPENDITURE					
DIRECTORS EMOLUMENTS	1,533,943	657,849	1,227,100	-	1,227,100
Directors -Subsistence, accomodation & Travel	215,163	86,005	206,410	-	206,410
Directors - Remuneration	868,780	571,844	1,020,690	-	1,020,690
Company Secretary	450,000	-	-	-	-
EMPLOYMENT COST	2,464,800	1,331,391	3,563,430	282,290	3,845,722
Salaries	1,858,643	1,126,142	2,965,647	200,000	3,165,647
UIF	18,579	7,031	19,824	2,100	21,924
Medical aid	125,604	69,836	170,600	20,000	190,600
Provident fund	139,342	76,633	121,476	15,000	136,476
13 Cheque	154,824	-	150,915	15,000	165,915
Workmanns Compensations	720	248	585	90	675
Skills Development Levy	21,087	15,501	22,383	2,100	24,483
Leave pmt provision	-	-	-	-	-
Staff Training and Development	-	-	-	-	-
Temporary Staff	10,000	-	10,000		10,000
Overtime	40,000		30,000	10,000	40,000
Housing	96,000	36,000	72,000	18,000	90,000
GENERAL EXPENSES	11,273,841	2,454,282	6,789,688	2,050,543	8,840,231
Advertising, Marketing & Promotion	100,000	25,047	40,000	60,000	100,000
Audit fees	303,021	-	320,000	130,000	450,000
Bad Debt Provision					
Bank Charges	214,817	43,311	150,000	64,000	214,000
Landscapping and garden services	120,000	-	50,000	30,000	80,000
Communications - Cellphone	84,000	48,899	96,000	-	96,000
Communications - Internet & Telephone	120,000	32,869	120,000	-	120,000
Credit Checks	220,000	1,226	20,000	30,000	50,000
Depreciation	60,000	-	60,000		60,000
Motor vehicle expenses - Fuel	18,000	8,227	18,000	8,000	26,000
Motor vehicle expenses - Repairs	-	-	5,000	5,000	10,000
Institute Membership Fees	72,031	12,467	70,000	50,000	120,000
Insurance	217,579	105,155	243,688	240,000	483,688
Computer repairs	-	-	-	-	-
NHFC Repayment	7,908,000	1,390,321	3,360,000	-	3,360,000
IT Infrastructure and maintenance	-	5,911	90,000	-	90,000
Software Licences	31,743	17,031	40,000	36,743	76,743

DESCRIPTION	Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
Postage & Courier	4,000	727	3,000	1,000	4,000
Printing and Stationery	93,800	12,861	63,000	30,800	93,800
Professional Fees	-	2,640	-	-	-
Rates and taxes(Ga Rena)	708,000	379,338	900,000	600,000	1,500,000
Office groceries	8,000	1,375	8,000	4,000	12,000
Refreshments & Catering Board	-	-	-	-	-
Rental - External Equipment	144,000	18,477	44,000	28,000	72,000
Security	360,000	272,082	624,000	420,000	1,044,000
Subsistence and Travel	50,850	20,928	80,000	20,000	100,000
Seminars and workshops	150,000	6,871	155,000	155,000	310,000
Tenant training	20,000	-	-	20,000	20,000
Safety clothing	16,000	7,478	30,000	18,000	48,000
Legal expenses	150,000	-	100,000	50,000	150,000
Valuation fees	100,000	41,040	100,000	50,000	150,000
REPAIRS AND MAINTENANCE	338,000	128,194	298,000	-	298,000
Repairs & Maintenance - Office	25,000	-	25,000	-	25,000
Repairs & Maintenance - Office Furniture & Equipm	5,000	1,810	5,000	-	5,000
Repairs & Renovations - Buildings Garena	300,000	126,384	240,000	-	240,000
Maintenance management- Garena	-	-	-	-	-
Repairs & maintenance - Vehicle	-	-	-	-	-
Repairs & maintenance - IT and Computer	8,000	-	28,000	-	28,000
TOTAL OPERATIONAL COST	15,610,584	4,571,716	11,878,218	2,332,833	14,211,053
CAPITAL BUDGET	136,000	3,500	40,000	48,000	88,000
TOTAL EXPENSES	15,746,584	4,575,216	11,918,218	2,380,833	14,299,053
SURPLUS/(DEFICIT)	146,068	3,683,637	3,369,892	-338,033	3,031,857

CAPITAL BUDGET	Council Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
Furniture and fittings	80,000	3,500	10,000	30,000	40,000
Kitchen utensils	8,000				
Computer costs	48,000		30,000	18,000	48,000
CAPEX without projet costs	136,000	3,500	40,000	48,000	88,000
TOTAL CAPITAL EXPENDITURE	136,000	3,500	40,000	48,000	88,000

2.14 Municipal Manager' Quality Certificate

I Constance T. Mametja, the Municipal Manager of Polokwane Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: _____

Municipal Manager of Polokwane Municipality (LIM354)

Signature_____

Date_____

Annexure:

Annexure A: Proposed Tariffs: 2013/14